

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne – 19 June 2003

Members

Mr W. R. Baxter

Ms D. L. Green

Ms C. M. Campbell

Mr J. Merlino

Mr R. W. Clark

Mr G. K. Rich-Phillips

Mr L. A. Donnellan

Ms G. D. Romanes

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Witnesses

Mr G. Jennings, Minister for Aged Care;

Ms P. Faulkner, Secretary;

Dr C. Brook, Executive Director, Rural and Regional Health and Aged Care Services;

Mr L. Wallace, Executive Director, Financial and Corporate Services; and

Ms J. Herington, Director, Aged Care, Department of Human Services.

The CHAIR — Welcome to our new witnesses for aged care. I wish to welcome Ms Patricia Faulkner, Secretary of the Department of Human Services; Dr Chris Brook, executive director, rural and regional health and aged care services; Mr Lance Wallace, executive director, financial and corporate services; and Ms Jane Herington, director, aged care.

I now call on the minister to give a brief presentation on the more complex financial and performance information relating to the aged care portfolio. Thank you, Minister. After that we will have until approximately 4.15 p.m. for questions.

Overheads shown.

Mr JENNINGS — I thank the committee for the opportunity to outline the significant issues that confront both the older members of the community in Victoria and the challenges that confront us all in meeting their ongoing need for quality care. Just to put the overview into context, the population increase in Victoria over the next 20 years will be in the order of 16 per cent. If you look at the demographic, over-65s will increase by an extraordinary 62 per cent over the same period, and even more alarming in terms of the provision of aged care services, those over 85 years will increase by 71 per cent.

I draw the committee's attention to the fact that at the moment those in our community who are over the age of 65 — if you see them as consumers of health care delivery — consume 48 per cent of all patient days in hospitals, 24 per cent of all Medicare services and 40 per cent of pharmaceuticals across the nation.

In terms of the responsibilities that I have for rising up and meeting those needs, I am responsible within the output groups in aged care for positive ageing, aged care assessment, aged support services, aged residential care, aged care service systems and developments, and home and community care, both in terms of primary health and service delivery. The total budget within the Department of Human Services portfolio is \$717.4 million.

I also have responsibility for dealing with issues around supported residential services to ensure that there is an appropriate regulatory and quality control response to those individuals who live within that accommodation, and I will take the opportunity to talk to the committee about the package that was in the budget announcement. The important aspect of the context in which all matters to do with aged care have to be understood is that we have a severe, profound and ongoing shortage of residential accommodation for older members of the community. I have provided the committee with a graph which clearly indicates the shortage that Victoria has had for over a decade and before that in terms of the allocation and operation of residential beds.

The commonwealth has a regime that indicates that for every 1000 members of the Australian community who are over the age of 75 there should be 90 residential places, and the line graph before members shows that consistently for the past 12 years Victoria has been well and truly underfunded for the operation of residential care beds. In fact within an overall pattern of a reduction right across the nation, the national average has decreased over that 12-year time frame, so the number of residential beds the commonwealth funds on a national basis, whilst being above Victoria, is well under its own benchmark. Indeed Queensland, which started the 12-year pattern well above the national benchmark, has ended up being below it.

The context in the next slide is what it means in terms of the number of operational beds. The graph shows that as far back as 1985 — hopefully I will be the beneficiary of some aged care package to deal with eyesight shortly — at the start of that graph, Victoria was 2388 operational beds short of the benchmark. That figure bounced along until about 1997, when it was somewhere between 2000 and 3000. From 1997, when the commonwealth introduced important reforms to do with the quality of care within aged care, there was a rapid escalation in the shortfall in operational beds, peaking somewhere over 5000 in about 2002 and dropping to still being 4275 as we speak.

This is consistent with a pattern that is demonstrated by the following slide about the cumulative effect of funding that comes to all states that has been reported on within the Productivity Commission's 2003 government services report, which accumulates the funding per capita that is provided for residential care and community care. Members of the committee should note that Victoria is the lowest of all states in terms of that funding regime. The Northern Territory does have a lower figure, but there is \$2745 per member of the Victorian community over the age of 75, in terms of residential and community care, compared to New South Wales, which is \$2843, and Queensland, which is higher than that figure. Victoria is well and truly underfunded in terms of its cumulative effect on residential care and community care.

What this means, and the following graph indicates, is that the shortfall in residential care places profound strains on home and community care in Victoria, because we are picking up the slack of the shortfall of residential care. We have to provide support in the community or provide ways and means of addressing the shortfall in residential beds. This graph shows that consistently over the last three years there has been an ongoing escalation. The trend line of the shortage of residential aged care beds shows that more and more people are ending up in the accumulation of acute hospital beds, subacute beds and interim care.

In 2000 we introduced a measure to deal with interim care which has made a significant contribution to the placement of those patients who otherwise would be in acute hospital settings to try and take the burden off our hospitals yet meet the ongoing needs for people to be dealt with in a residential setting rather than an acute hospital setting.

Mr FORWOOD — What is the definition of ‘older person’ in that graph?

Mr JENNINGS — What is the definition of ‘older person’ in the graph?

Mr FORWOOD — Older patients in hospital waiting for residential aged care.

Mr JENNINGS — Sixty-five plus.

The CHAIR — I just draw your attention to the time. It does not help if we interrupt, I know that.

Mr JENNINGS — In terms of that issue, what we have discovered, and the next slide indicates, is that we have had a cumulative effect of underinvestment through Victoria in terms of our effort in public sector residential aged care. Within the period of the first term of the Bracks government, we spent \$112 million since 1999–2000 in trying to lift the quality of residential aged care in the public sector.

In terms of other aspects of our response, we are addressing the residential aged care strategy, which builds on that commitment in the first term by adding \$70 million to the redevelopment during the life of this term, of which \$25.5 million is allocated in 2003–04, and we have seen a major commitment to HACC reform, both in providing money over the top of the commonwealth matching component and also in providing for ongoing stability in the sector by adding for a three-year planning framework. Indeed, we need to develop a work force response which deals with the scope of practice of administration of medicines within nursing homes. We need to ensure that there is an appropriate emphasis on home and community care work force development, and we are undertaking work on work force issues right across residential aged care.

We are responding to the commonwealth review of the circumstances. Clearly the commonwealth understands that there is unsustainability within the aged care residential sector, and it has undertaken a number of reviews of the way it should go forward. Clearly the state of Victoria is saying that the allocation of high and low care beds is not in keeping with community demand and future demand. Of those 90 beds per thousand, 40 of them are high care and 50 of them are low care. That does not meet the expectation or demands of the community. In fact, that ratio should be reversed, if anything. Basically the proposition the Victoria government has set is that we need to change those planning ratios in recognition of the need for higher care, and from the Victorian government’s perspective, then a seamless integration between residential care through community care packages.

The response of the Victorian government to rise up to meet some of those challenges is demonstrated through initiatives in this budget that include, as I mentioned briefly, a boost to HACC funding that goes beyond the matching component to the commonwealth funding — \$69 million over four years; a program to try to improve the quality of life and the health and active participation of older members of the community by a \$1.9 million project over four years; and as part of the hospital demand management strategy, I was subsequently advised that it is a number of projects which will add to the quality of life and independent living capacity of older members of the community, building on some of the initiatives within my output groups. Indeed we have demonstrated our ongoing commitment to redevelopment in residential aged care by a \$25.5 million commitment in this financial year.

The CHAIR — Thank you very much, Minister. I draw your attention to page 71 of BP3, where the budget provides for \$250 million for the output ‘Aged residential care’. Could you please outline what that provides and what your performance measures are for that line item?

Mr JENNINGS — The first aspect of the question is that this is the budget line item that relates to those who live within residential aged care facilities under the auspices of the state of Victoria. Victoria is about the

largest provider of aged care facilities — in fact it provides a level of residential care way beyond what any other state in the nation provides as a proportion of its residential aged care beds. This program is the accumulation of the funding that comes to the state of Victoria from commonwealth revenue. Commonwealth revenue applies to all residential aged care beds.

Mr FORWOOD — It is all commonwealth funding?

Mr JENNINGS — No, it is not.

Mr FORWOOD — I am just asking.

Mr JENNINGS — No. In fact, of the \$250 million, \$151.8 million comes from the commonwealth. No, it does not. That is not right. Let me correct myself straightaway — \$114.5 million comes from the commonwealth; \$37.3 million comes from fees that are paid by residents; and the balance of \$98.8 million comes from the state of Victoria. And, as I have indicated, this is way beyond any contribution of any other state in Australia in terms of its ongoing commitment to residential aged care. In fact what you will find is that the combination of commonwealth funding and residents fees is the financial formula, and that is the nature of this shandy that keeps, across the nation, the vast majority of residential aged care facilities operating. So clearly from the Victorian government's perspective our commitment to this sector is not being responded to appropriately by a level of ongoing commonwealth commitment. In fact it reduces the ongoing subsidy it will pay to Victorian public sector nursing homes on the basis of our ongoing contribution, and indeed takes it for granted.

Mr CLARK — Following on from that, my understanding is that the commonwealth has allocated something in the order of more than 13 000 new aged care places in Victoria over the past five years. On my arithmetic that is about a 35 per cent increase. According to the performance measures at page 71 of budget paper 3, the number of state-provided nursing home bed days has actually fallen since 2001–02. Is that correct? Has the state of Victoria provided any additional nursing home bed days in recent years? If not, how is it that you are criticising the commonwealth for the sort of increase it has provided?

Mr JENNINGS — As a starting point to answer your question, the commonwealth also provided licences for high-definition television, and there have probably been not more than three high-definition televisions sold in Australia over the past three years. There is often a difference between the licensing arrangements that may apply and what the reality is in terms of the outcome of public policy. What I am indicating to the committee is that in the state of Victoria, as my graph indicated, for the best part of a decade we have consistently had more than 2000 bed shortages, accumulating since 1997 to more than 4000 beds short. The current situation is 4275 beds short. Despite allocating licences in recognition of that take-up, the commonwealth has not facilitated, either through injections of capital funding or any facilitation method other than issuing the licences itself — —

Mr CLARK — But the licence includes a willingness to fund the place. If the place is there, it will be funded — it is not just a licence, it is an offer of funding.

Mr JENNINGS — This is the point: they have not been taken up and the commonwealth has not funded them. In a sense it floods the marketplace with licences that can enable you or anybody else to raise that matter in terms of there being more theoretical licences about above the benchmark, but in fact there is no mechanism to ensure the delivery of those licences in operational beds. That is one of the key issues that the state of Victoria has in terms of the facilitation and delivery of those operational beds. It is all good and well to say that these phantom licences are in existence, but unless they are delivered in operational places, and the history has been for 15 years — and longer, but the 15 years I have indicated to the committee — Victoria has consistently been underrepresented in terms of the nursing home beds. Can I ask Mr Clark to remind me of the relevant page?

Mr CLARK — Page 71 of budget paper 3 is the page that shows the apparent fall in the number of state-provided nursing home bed days since 2001–02.

Mr JENNINGS — With some assistance for which I am grateful, the basic story in terms of the actual outcome in 2001–02 was an overachievement of the target. Members of the committee will note that in the subsequent year the target was lower than the actual delivery in 2001–02. The expected outcome in 2002–03 will exceed that target — we will continue to deliver that number of bed days. Indeed, we will take that forward into the future in anticipation of 1 250 000 bed days this year on the basis of 99 per cent occupancy in some additional beds that we will be opening during the course of this year.

Mr MERLINO — I refer you to your press release dated 10 April 2003. In that press release you referred to a Victorian government submission to the federal government review of pricing arrangements in residential aged care. Could you please outline to the committee the general content of Victoria's submission?

Mr JENNINGS — I thank you. There is a recognition within the commonwealth — certainly the commonwealth minister recognises it — that there are some unsustainable features of the aged care delivery system, and it has embarked upon a review of the appropriate pricing arrangements in residential aged care into the future. We welcome that undertaking. We have some concerns about the likelihood of success in relation to this matter, but we are hopeful that there will be recognition of the need to change the way in which these prices are structured in the future.

From Victoria's perspective, we want to make sure that a degree of equity applies, both in terms of interstate matters and certainly to provide for intrastate equity. We are particularly concerned about the erosion of effort, particularly from the private sector, the not-for-profit sector in rural and regional areas, where it may not be financially attractive for private operators. That seems to be what market forces are saying. Presumably as Mr Baxter knows, there are not too many non-public sector nursing homes up his way. That is the story we are discovering in most of rural and regional Victoria — that if it were not for the effort of the state of Victoria we would have an absolute crisis in accommodation. We want to make sure that the formulas applied are efficient rather than the way they are currently used, which means they are not able to be used flexibly. We would rather a system that enabled people to come in and out of care which is appropriate to their needs rather than their being captive to the financial imperative of once you are there you are kept there, which is the way the formula currently applies.

We clearly think there are some problems with the volume, the size of facilities in terms of being financially viable. If you have a think about the overlay of physical infrastructure and the delivery of service within a facility, there is a certain requirement to have administration, there is a certain requirement to have nursing ratios, there is a certain requirement to have catering facilities. If you were to drill down into the way the commonwealth formula works and how it impacts on all those areas of the financial cross-structures of residential aged care, you would almost say that by design you have to have a facility which is at least 60 beds, otherwise you cannot put all those cost elements together to make the shandy work. That flies in the face of the reality of the size of facilities right across Victoria. The majority of services are under 60 beds. The majority of services, particularly in regional and rural Victoria, are in the order of 30 to 40 beds. We are saying that you have to have a look at the way the shandy works, the way the funding formula works, and addresses the question of equity and financial sustainability to enable those smaller facilities in particular to work.

Now, as Ms Romanes knows, in terms of her patch, in terms of the inner city there are a lot of smaller facilities that have actually been there for a very long period of time. So it is not necessarily only a rural and regional problem; it is also a problem of facilities which are in very densely populated areas within the inner city, which are landlocked and cannot redevelop and cannot actually get to this critical mass of 60 beds, because financially it is prohibitive to get the land to build a 60-bed facility. So in fact there is pressure for us to lose residential aged care within the inner city. That is an equal problem to the one in rural and regional Victoria. Those are the types of issues we have addressed in our response to the commonwealth. We hope it will be alive to the logic underpinning our case.

The CHAIR — Before Mr Rich-Phillips, a quick yes or no answer on this would suffice — or could we have a copy of your submission; presumably it is a public document? Was any reference made in it to what is an appropriate number of people to be housed on one site in a residential aged care facility? You are saying 60; some are saying 70, 90; 105 is another figure I have heard said, but whether in our older age we would want to be in a facility with 105 people is arguable.

Mr JENNINGS — No, I know. In fact, I just wanted to clarify that in fact I was not arguing that the Victorian government's preferred position is 60. What I was —

The CHAIR — No, I did not take it that way.

Mr JENNINGS — But I will clarify for the sake of the committee that what I was saying was that the internal cost structure logic that underpins the commonwealth's current regime would be: if you are under 60, you are in real trouble, and the only way you will stay viable is if you are over 60. We did not specify what that number is. We actually said that a formula should apply to meet those issues of equity; to make sure of regional distribution of care, being mindful of the level of care that is required in those communities; to look at efficient ways in which

you could fund to move people flexibly rather than seeing them as captive, and to look at the need to keep them in bed rather than being users of service. The cumulative effect of those cost structures may mean — —

The argument is that we believe we have to keep the viability of facilities lower than 60; they have to be made viable.

The CHAIR — My point was that that is a management and/or economic perspective; I wanted to read your submission in terms of the human citizen perspective. If it is available, I would appreciate it.

Mr JENNINGS — Certainly we would be able to make that available to the committee.

Mr RICH-PHILLIPS — I would like to ask you about the commitment you made during the election campaign last year, which was that in the second term the Bracks government would invest \$70 million in upgrading state-owned nursing homes. You also identified in response to a question on notice which 10 properties those would be. Budget paper 2 at page 133 shows that for the rest of this term of the Bracks government you have committed \$25.5 million of that \$70 million. The text in the papers indicates that that covers only four of the 10 projects you listed as being upgraded under that \$70 million investment and that the Castlemaine, Yarrawonga, Warracknabeal, Skipton, Seymour and Portland nursing homes have not received funding. I also note that on the following page, page 135, which lists projects for consideration for funding in future years, those projects do not get a look-in. Have those six projects been dumped from your commitment to provide \$70 million, given that for the out years for the rest of this term there is no funding for them?

Mr JENNINGS — Well thank you for what could have been a question I might have asked my comrades to ask. The answer is that they have not been dumped. The answer is that the expectation is that they will be put into the budget process and be delivered and committed for the total end investment of the \$70 million during the life of the government. That is clearly the intention. We did not bring forward any commitment this year beyond what we can actually do — physically create — and use in terms of cash flow for this year. The four facilities that we have identified this year are ones that we will hit the ground running with and start constructing this financial year — they are Red Cliffs, Numurkah, Darlingford and Andrews House in West Gippsland. Clearly in terms of the ongoing preparation and the planning regime that is underpinned for those other projects, they will be undertaking the preliminary developmental planning and other approval processes, and we would anticipate that during the life of the government we will announce each and every one of those that we took to the people of Victoria and were part of Labor's financial statement.

Mr RICH-PHILLIPS — So that funding stream which covers three years and which has been brought to budget this year — \$4.5 million in the next year, \$18 million the year thereafter and \$3 million in the further year — is for projects which will commence this year? That cash will start being drawn and those projects will be under way for three years?

Mr FORWOOD — It is page 133, table 7.3.

Mr JENNINGS — Yes. Just intuitively the answer is yes. I just want to have a look at it first.

Mr FORWOOD — You can see where he is going with the question though, can you not? Blind Freddy can.

Mr JENNINGS — What?

Mr RICH-PHILLIPS — So those projects will be under way for three years? They will commence in 2003–04 and they will continue through to 2005–06?

Mr JENNINGS — Well, yes.

Mr RICH-PHILLIPS — All of them are commencing this year?

Mr JENNINGS — Yes.

Mr FORWOOD — If it takes that long to do those ones, how can you spend the \$70 million in the term of the government?

Mr JENNINGS — Well, because you will note that in the out year the cash flow circumstance that is described in 2005–06 is a residual \$3 million which, in capital terms, is the tidying-up work that occurs in that year. The total end investment of the \$70 million will be committed by the end of the term.

Mr FORWOOD — In order to do that, though, next year — in 2004–05 — you will have to commit over \$20 million additional to what is shown in the budget papers.

Mr RICH-PHILLIPS — These are three-year projects.

Mr JENNINGS — In that order of magnitude, and I will actually take the contribution of the Public Accounts and Estimates Committee and your contribution and your mindfulness of the timeliness of the delivery of these with me to the ERC next year.

Mr FORWOOD — I would, because otherwise you will find that your capacity to deliver the \$70 million in four years is nil.

Mr JENNINGS — I am acutely aware of the situation, but I thank the committee for its support.

Mr RICH-PHILLIPS — Can you provide us with a breakdown of the individual funding for each of the four you have funded?

Mr JENNINGS — I might be able to do that. I will ask for us to prepare that work.

Mr RICH-PHILLIPS — Thank you.

Ms ROMANES — Budget paper 2 at page 209 shows that \$12 million has been allocated in 2003–04 and that \$69 million has been allocated over four years to further expand the home and community care program, which provides improved services for older people and people with disabilities. Can you inform the committee of further details of the specific initiatives planned, the level of funding, the key performance targets and the break-up of the funding in terms of services for metropolitan and regional and rural areas?

Mr JENNINGS — That is as demanding as some of the other questions I have been asked around the table, I must say. I am pleased to have the opportunity to outline again another commitment we took to the people, which was to fund home and community care with a \$69 million initiative over four years. What that means, in reality, is that we will match the commonwealth funding over the life of the agreement but add to our over-the-top commitment so that the state of Victoria will run solo beyond the commonwealth to improve the level of home and community care, which is something we did in the first term. In the first term of the Bracks government we continued a good tradition in Victoria of at least matching the commonwealth's contribution, but we are going beyond it because we recognise the value of home and community care in our community.

I can inform the committee — this came as a bit of a revelation to me — that in the last day or so in preparing for this hearing I realised that the cumulative effect of the investment of the Bracks government over the past four years has been that we now fund \$41 million in this budget over what is our requirement to match the commonwealth. So in fact it has now become a myth that home and community care is a 60-40 split between the commonwealth and the state of Victoria. We have got to the stage where we are investing this year 47 per cent of the funds allocated to home and community care. We have turned the 60-40 split into a 53-47 split. In fact, if you add the \$70 million that is provided by local government in Victoria, which is a significant contribution as well, it would mean very close to a 50-50 split. It is just a bit over 50 per cent for the commonwealth and just under 50 per cent for the state of Victoria, with the residual being committed by local government. We are very pleased to be able to achieve that, and that is the underlying logic of why we made the commitment to fund the \$69 million over four years.

Beyond the growth that is anticipated in the sector during the next four years, we are wanting to make sure that we deal with questions of equity and disadvantage that may occur throughout Victoria. We will be applying the unmatched component to dealing with some of those equity questions. In fact we have conveyed to the commonwealth that we would like it to join us in being concerned about those equity questions. We did not want to make unilateral effort this year. We have put the commonwealth on notice that we might be able to use some match funding in future budgets to meet some of those equity concerns.

Clearly if we look at the take-up rate of members from culturally and linguistically diverse background communities across Victoria, we will discover there is a disproportionately low take-up rate of home and community care. One of the ways we will apply these funds is to try to ensure that in regions where there is a low

take-up or usage rate, particularly by members of those communities, we skew resources into those regions to start turning that situation around. Indeed there will be a specific program designed to support local government, which is the prime provider of home and community care, in its capacity to be able to provide culturally sensitive and aware services. We will be funding some ethnic-specific organisations and multicultural resource organisations to be able to be the gateways and monitors of that enhanced service delivery capacity.

We will also be trying to make sure that, within the framework we are adopting in terms of addressing regional equity, we try to start skewing the internal allocations within regions towards those areas which have higher ratios of older members of the community. We will be looking at ways in which the ongoing funding regime may address those matters. In terms of the performance, we will have an expectation within this funding round, this funding regime, of the players, the major stakeholders in terms of service delivery, particularly to people of culturally and linguistically diverse backgrounds, so they will be the specific service providers: councils and the Municipal Association of Victoria and the department will be involved in an ongoing monitoring of the success and take-up rate of those services.

Mr BAXTER — I am having a little difficulty in comprehending your analogy in answer to Mr Clarke's question about commonwealth funding and positions and your reference to high-definition television.

Mr JENNINGS — It is a thought piece!

Mr BAXTER — I am trying to get to grips with it. If someone buys a high-definition television, whatever that is — and I do not have too much idea — you are not expecting the commonwealth taxpayer to further contribute, but the commonwealth is making available these licences, which you have acknowledged, and the funding must surely, as a matter of course, be attached to those licences, so the commonwealth is making a commitment to fund. Are you saying to the committee that people are not taking up the licences? What is the reason for people not taking those licences up, and is it more particular to Victoria or is the same circumstance applying in Queensland?

Mr DONNELLAN — It is everywhere.

Mr JENNINGS — One of the graphs in the slide presentation clearly shows that Victoria is well under the benchmark in operational beds. The national average is well under the national benchmarks, so it is going down; and Queensland, which started 10 years ago well over the benchmark, is now well under the benchmark. The pattern is that right across the nation people are not taking up operational licences, and the proposition that you say that there is —

Mr FORWOOD — Whom have they been issued to?

Mr JENNINGS — They are provided to private organisations, developers, non-profit organisations, charitable institutions — there has been a variety — and in some cases the public sector. The unfortunate thing in public policy terms — and this is why I will go back to the high-definition TV licences, although I do not want to actually skew the debate because of that analogy: the analogy was relevant in relation to making public policy prescriptions and issuing licences and having no idea in public policy terms or having no mechanisms in place to ensure those opportunities are taken up in the real world — is that it is a theoretical public policy construct, as distinct from an applied, real, responsive policy position. All I am indicating in terms of high-definition TV is — let us let it go — in fact there has been a policy out there in the marketplace for three years, and nobody in Australia has in fact bought a high-definition TV. Issuing licences does not mean that there will be the correlating public policy outcomes.

The commonwealth has not gone beyond issuing licences in an abstract way from the capital issues in making the obvious assessments about whether they would be taken up, what the financial capacity of the sector is it to take them up and what the interstate and intrastate issues are in relation to the distribution of those licences in meeting need. You know me, I am not to conspiratorial at all, but in terms of the impact in Victoria, what I suggest is that Victoria has 16 per cent of nursing home beds run by the public sector. I argue that there is not the corresponding commitment from the commonwealth to facilitate investment in the field to deliver those beds, because it is taking those 6500 state-owned beds for granted, particularly as there are no market forces that are guaranteeing the delivery of those beds. So there is no capital funding, no facilitation, no planning regime and no commitment to driving that investment and ensuring those nursing home beds are on the ground. I just think, probably because of the prominent role the Victorian government has played and continues to play, there is no strategy to facilitate that investment, and in a sense, Mr Baxter, your assumption that funding comes with the licences never bears fruit because it is never acted out.

Mr BAXTER — I wish you had not spent so much time thinking about an analogy, because I do not think it helps me. Perhaps I can turn to your further graph headed 'Context: shortfall in residential care places', which is showing the big rise that you spent some time telling us about in your introduction. It is now showing a very substantial turn for the better. Am I able to conclude from that that in fact organisations of whatever kind are now beginning to take up these licences which the commonwealth is making available and that the situation is improving dramatically if that trend line is continued on?

Mr JENNINGS — Let us hope that it is, but it is not necessarily happening by much design within the commonwealth administration of the program, with the exception that there is an overlay now of bed readiness that was not in place before.

Mr FORWOOD — Just to follow up, did you say there were 6500?

Mr JENNINGS — Yes.

Mr FORWOOD — If you look at your nursing home bed days, and I think you said you aim to have 99 per cent.

The CHAIR — Six and a half thousand beds?

Mr FORWOOD — If you have 6500 beds and you multiply that by the number of days in the year and you compare it with the number of nursing home bed days that you have got on page 71, you are about half. When you multiply 6500 by 365 you should get the number of bed days, should you not? That comes to about 2.37 million. Your nursing home bed days figure here is 1.25 million.

Mr JENNINGS — I have not got a calculator. I have not done the work. You may be right. Has anybody else got one?

The CHAIR — I am doing it. Do you want to do it longhand? Lance will be faster longhand, unless Bruce is going to yell out.

Mr CLARK — My spreadsheet gives the same answer.

Mr JENNINGS — Excellent. There is an excellent contribution.

The CHAIR — If I were Eddie McGuire I would give you a trip to somewhere!

Mr JENNINGS — I was thinking quality people travel in economy. The answer to that question is that the table only relates to high-care beds, of which there are 3700.

The CHAIR — Thank you. We will perhaps have a clarification of that.

Mr FORWOOD — Where are the low-care beds in the output groups?

The CHAIR — Is the answer to that on page 71?

Mr JENNINGS — I think that is true, but their issue is in relation to what we are funding this time; that we are funding low-care beds. The commitment to fund low-care beds and have them in the budget is coming on stream this year. It has not been met by a performance measure, but we will be particularly alive to it from hereon in.

Mr FORWOOD — The corollary would be that the funding is in there, though?

The CHAIR — Yes. The line above it. Page 71; there it is, there.

Mr CLARK — Are you saying that is low care?

The CHAIR — They are the low-care beds. The line above.

Mr JENNINGS — The item that relates to low-care beds is a very small top-up provision that relates to the HSUA1 enterprise bargaining agreement. This is becoming a more complicated answer.

Mr FORWOOD — I might write you a letter, if you do not mind.

Mr JENNINGS — Yes, let us do it that way rather than making stuff up on the spot.

Mr DONNELLAN — On page 70 of budget paper 3 the target for the 2002-03 attendance at the Victorian Seniors Festival is 400 000. Given that the festival was held earlier this year, could you advise the committee of the success or otherwise of the festival?

Mr JENNINGS — Thank you! I am grateful given that you did not refer to the fact that the performance measure for this is actually down over the last few years from 490 000 to 400 000. If you wanted to grill me on that question I could let you know that the Seniors Festival, which usually runs over about eight or nine days, ran for longer that year. It was a two-week event. Anybody who has gone to any Seniors Festival event knows their popularity and knows that people travel to them from right around Victoria. In particular they take advantage of the free travel arrangements that are funded out of this initiative so that people can come to town from regional areas of Victoria to enjoy the week.

There are hundreds of events held right throughout the Victorian community. I had the great joy of being in attendance for many of them. They saw thousands of people come together at places like Federation Square and the Melbourne town hall for concerts that not only entertain old people but engage them in terms of their participation and contribution. Older performers, debaters and people who are concerned about artistic expression come together, and it is a great week in itself. We anticipate that the best part of 400 000 people attend. The best we can do is measure attendance as distinct from individuals. It is a bit hard to keep track of them. I am sure they are not the same individuals coming in and out the door 400 000 times! I am very confident about that.

The festival brings people together and provides opportunities for people to engage in either free or low-cost events. It is part of our ongoing pattern. The festival week is the spotlight, but there is a lead-up in terms of the preparation of bringing people together to plan and be engaged in the community-development approach to a lot of those events. There is a lot of lead time and engagement, and social inclusion is a very important part of the community-development aspect of this festival. There is an afterglow of the success of these events in terms of the ongoing wellbeing and positive and active engagement of older Victorians well beyond the week itself.

Mr FORWOOD — Page 2 of your slides shows the seven major output deliverable groups that you have responsibility for. Each of course has a total output cost. I wonder if you could take this question on notice and provide the committee with a break-up of how the total output cost for each of those is arrived at — appropriation, fees, commonwealth funds —

Mr JENNINGS — Let us do it now.

Mr FORWOOD — No, on notice is fine.

Mr JENNINGS — Why do we not do it now?

Mr FORWOOD — I know you are ready for the question. I just need to ask it.

Mr JENNINGS — Why do we not do it now?

Mr FORWOOD — We asked Mr Batchelor that question, and he went on for 20 minutes with the answer.

Mr JENNINGS — Well do not ask the question if you do not want an answer.

Mr FORWOOD — I want the answer. I do not need it now. On page 71 there is a measure: ‘Aged care service delivery (aged care units)’. It is used in ‘Aged care support services’ and in ‘Aged residential care’. I do not know what it is.

Mr JENNINGS — You beauty! Thank you for this.

Mr FORWOOD — I just want to know what it is.

Mr JENNINGS — We have exercised our minds over this, and I am glad you want an answer to this question.

Mr FORWOOD — I reckon if you put these things in here it is useful for people to understand what they are.

Mr JENNINGS — The reason I am grateful that you asked the question is because the derivation of this goes back to when you lot — —

Mr FORWOOD — The weighted inlier equivalent separations (WIES)?

Mr JENNINGS — In some ways it is similar concept, perhaps not as intricate or as elaborate as WIES. Basically that is the underlying logic. Within the output groups there are a number of different activities that take place. Because resources are shifted around within our output groups across slightly different activities, it is useful for them to have a similar pricing structure. They have a similar denominator.

Mr FORWOOD — Could I have the break-up of what they are? It is possible to get the WIES categories, and I would like to have that for the item ‘Aged care service delivery (aged care units)’ if I could.

Mr JENNINGS — Okay. It is a pity I cannot spend 20 minutes on that and the preceding question.

The CHAIR — You are welcome to have 5 minutes per question, if you want to give us a shorthand version.

Mr JENNINGS — It is not that complicated. We will be happy to provide it, and I could have provided it now.

Mr FORWOOD — You are on notice; that is fine. We do not want to waste time, as we have only 15 minutes left, which is not nearly long enough for a minister of your calibre.

The CHAIR — I take you to the budget papers that provide for \$25.1 million to continue the implementation of the residential aged care infrastructure strategy to upgrade existing facilities. In answer to an earlier question you briefly mentioned some of those facilities. I would like you to run through them in detail, taking no more than 5 minutes in case you are tempted to read us 10 pages.

Mr JENNINGS — In terms of the correlation between effort and preparation and questions, I would have preferred to answer Mr Forwood’s.

The CHAIR — You can weave it into mine.

Mr JENNINGS — As I indicated, during the first term we committed \$112.5 million to the redevelopment of ageing residential care facilities. It is very important for all residential aged care in Victoria to comply with accreditation standards by 2008, and that certainly is the case for Victorian facilities in the public sector.

Out of the \$70 million commitment about which Mr Rich-Phillips asked before, and he was acutely interested in the timing of those projects, we have committed cash flow in this financial year for four facilities: the construction of a new 30-bed high-care facility in Red Cliffs; similarly a new 30-bed high-care facility in Numurkah; the upgrade of an additional 20 low-care residential aged care units, along with the refurbishment of an existing 30-bed high-care facility at the Darlingford Upper Goulburn Nursing Home; and an additional 20 high-care beds at Andrews House in West Gippsland.

As members of the upper house know, I was pretty pleased to talk about those matters during question time for a variety reasons, including the fact that they were very representative across the geographical and political spectrum in terms of seats. It is very hard for any cynic or sceptic to say that there is a political boundary placed around the investment for those residential aged care beds. I am pretty proud to inherit the framework of Labor’s financial statement to deliver that level of investment right across Victoria and to support communities, particularly in regional areas, regardless of whether they are represented by the Labor Party or not.

Mr CLARK — I refer you again to page 71 of budget paper 3, this time to the aged support services output group and the line item ‘individuals provided with respite services’. You will see that there is an apparent fall there in the number of individuals provided with respite service from the 2001–02 actuals through to the 2003–04 target. Before you tell me that 2001–02 was an overperformance, let me agree with you and tell you that according to last year’s budget papers the target for 2001–02 was 20 000 individuals provided with respite services.

Even measuring off that benchmark, it is a bit over a 2.25 per cent increase in two years. Given, as you have told us, that we are experiencing an ageing population, that seems to be a fairly modest increase. How adequately do you believe that number is meeting available demand and need for respite services for aged care?

Mr JENNINGS — I was wondering, given the high degree of consistency of those targets, where your question was leading. I am pleased that again members of the Public Accounts and Estimates Committee are supportive of the need for us to add weight to our effort to support older members of the community, and in this case providing some respite for those who provide care for them into the future. Beyond this specific line item itself, there is also the capacity within home and community care to provide respite care, and there is an ongoing commitment within the budget of \$9.8 million for carers as part of that commitment. The story gets even better. Our commitments in terms of carers are actually permeating a whole range of sections of the budget.

Mr FORWOOD — I am delighted. I would like to see it consolidated so people knew what you were doing.

Mr JENNINGS — I do not really think we are hiding from the fact that we are wanting to provide the level of support and care.

Mr FORWOOD — The point is it is in a category and you have a target measure. You have just outlined three other initiatives the government is running, all of which impact on respite. It would seem to me that, if you are trying to provide information to the Victorian public through the budget process, you ought to have total number of respite days and the source — some from here and some from there — and then we would be able to get a handle on it.

Mr JENNINGS — As you would well know, the majority of people unfortunately do not read the budget papers. Unfortunately they do not even appreciate the calibre and quality of your work, either. But I take it as a general rule of thumb that we should make sure that people are first of all aware of the respite opportunities that are available to them. That is probably my priority, to make sure that people are aware of it. There is a commitment of over \$17 million to respite care within home and community care. Either through performance measures or more importantly from my perspective through information we distribute to the community, the more people who know we are wanting to promote and provide respite the better, and I take that as the spirit of the question.

Ms ROMANES — Given that it is the commonwealth government's responsibility to fund and regulate aged care, could you advise what the aged care assessment output on page 70 of budget paper 3 includes?

Mr JENNINGS — This is the capacity for assessments to be made to work out where the appropriate location of those who require care may be. In this line item we would estimate that in the order of 53 000 assessments will be made during the course of this financial year. That will be the basis on which people will be receiving care into the future.

This is an important role. It relates to the issue we have discussed this afternoon time and time again, about the appropriate facility and the appropriate location, and whether it is high care or low care. There are eight categories of patient-need classification in residential settings. This is an important element in trying to provide a system-wide planning regime and in providing some certainty for individual families and patients about where they might most appropriately be located in the future. This runs out of 18 services across Victoria, so there is a fair geographic spread.

Currently, as you will note from the performance measures, there is a difference between those assessments that take place within hospitals and those that occur within people's homes. The target for those that take place within hospitals is two and a half days, and for those that occur within people's homes the target is 15 days. That is on the basis of recognition of the urgency of placement issues and how they vary from whether someone is in their own home, or in a hospital waiting to be discharged and wanting to have some certainty about where they are going to be discharged from hospital. That is an important program so we have allocated in accordance with that the \$25 million investment to try and ensure our capacity is enhanced in the future.

Mr RICH-PHILLIPS — Last year the Minister for Senior Victorians informed the committee that an allocation of \$50 000 had been made to the Victoria University of Technology to undertake research into programs looking at age barriers and breaking down age barriers across generations. What has been the outcome of that grant to VUT? Have any programs been implemented by your department in response to that grant and that research project?

Mr FORWOOD — Just give her the microphone.

Mr JENNINGS — No. May I say Jane has a wonderful speaking voice, but she chooses not to.

Mr RICH-PHILLIPS — Was that no to the question?

Mr JENNINGS — No. The report has been completed. It has provided us with some advice on the appropriate way we should deal through the education system in terms of intergenerational issues to ensure there is a heightened awareness, particularly amongst people, about the attributes, strengths and challenges confronting older people. An education kit is being produced as a consequence of that report that will be disseminated through secondary schools in Victoria shortly.

Mr RICH-PHILLIPS — That is being produced by education or by your office?

Mr JENNINGS — Through the Victorian Schools innovation Commission.

Mr RICH-PHILLIPS — Can we get a copy of the report from VUT?

Mr JENNINGS — I will look forward to disseminating it.

The CHAIR — Thank you very much.

Mr DONNELLAN — I refer to a recent press release of 15 April headed 'HACC funding reforms build stronger aged care services'. How will these recent reforms create change within the HACC sector?

Mr JENNINGS — The significance of this issue relates to what I described before, right back at the beginning of my presentation, which was the continuity of care between residential settings and community support and the appropriate effort and resources and programs that should be dedicated to having that as much a seamless integration as possible. The Victorian government is very concerned that the marketplace — we see it as a marketplace — of support services is fragmented, the dovetailing is not very clear between residential high level community care packages and home and community care.

The majority of services are rolled out at the base level of home and community care, but there are some intensive packages, known as the linkages packages, that are funded by the commonwealth that are, in the commonwealth's thinking, substitute for residential care places. In fact it is arguing that will be increasing reliance on those intensive care packages into the future. That may be an appropriate public policy response. It may actually fit the needs of members of the community if there is a rollout of the delivery of community care for those intensive care packages that bring services to people where they are living at home in the community, to make sure they are not vulnerable. But they sometimes can be extensive packages. We are talking about packages in multi thousands of dollars. At the moment linkages packages are funded in the order of about \$11 000 each for the level of service provided for individuals involved. So they are quite intensive.

What we are worried about in Victoria is that in fact there is not a coherent policy that brings the residential aged care investment, the community care investment and what is defined as base home and community care packages either through access points, through knowledge base of understanding of individuals — what their options may be and how they can access those services, and whether it is more appropriate for them to be looked after at home or in residential care. We have put to the commonwealth that we want a coherent framework.

Again this is something the commonwealth minister has put on the table as a review. In fact there have been intensive discussions between the states and commonwealth about this. May I say that we have put a lot of work into this because in fact it relates to the future of community care, which is a growing sector, far greater than perhaps residential care which has laid dormant for so long. We have had a degree of optimism. I may say that the most recent bilateral and multilateral discussions between the state of Victoria, the commonwealth and indeed other states has not been as productive and fruitful as we may have hoped. But there is a revised commonwealth paper that is about to be distributed shortly and we look forward hopefully to the commonwealth receiving timely advice and seeing the need to integrate those levels of care.

The CHAIR — The final question from Mr Baxter.

Mr BAXTER — Turning for a moment to the risks your aged care budget might be exposed to and looking at the not-for-profit aged care hostels which exist in a lot of country towns, and presumably in the suburbs as well, what strategies are in place to ensure that they are operated according to appropriate medical practice and not according to union fiat in terms of the distribution of medication by nurses at particular levels?

Mr JENNINGS — First of all, I take as the launching place for my answer to your question that the pressures placed on not-for-profit organisations in their charitable sector, both in terms of the ongoing viability of

their services but certainly the reinvestment that is required for the ongoing compliance within the sector after 2008 when the new accreditation standards come into effect, are profound for the not-for-profit sector. I had a discussion with a major provider, which is a not-for-profit organisation that I will not name for its sake, and it was indicated that the level of investment that it requires right across Australia is in the order of three-quarters of a billion dollars before 2008 to satisfy accreditation. So there are huge pressures out there, not only for public sector investment in the case of Victoria. This is an issue that we are drawing to the attention of the commonwealth, because we are concerned that what you might describe as the good trend line may actually go totally in the other direction unless there is a strategy in place to make sure that there is capital funding and investment in the sector to ensure that after 2008 those places exist which will be required to meet higher accreditation standards.

In terms of the question about medication, at the moment within Victoria there seems to be an anomalous situation in the way regulations apply that allow in certain situations, depending upon the category of the nursing home or facility, the capacity for personal care attendants to dispense certain medication that has been prescribed by a medical practitioner and the circumstance that may prevent a division 2 nurse from dispensing medication.

It has the capacity to be an industrial relations issue, but it is not necessarily an industrial relations issue. It is a matter of the state of Victoria having an appropriate alignment of its regulatory regime in terms of dispensing medication. It is an issue we are working through in cooperation with the Nurses Board of Victoria to provide for the appropriate allocation of responsibilities and the appropriate level of supervision that may apply to anybody who is working within a nursing home or residential aged care facility to be able to dispense medication under the appropriate level of supervision. That is the issue we are working through at the moment.

Mr BAXTER — Does all that mean that in response to union pressure you will amend the regulations to make it such that division 2 nurses cannot distribute tablets to hostel patients as distinct from nursing home patients?

Mr JENNINGS — In fact you could actually argue that if you chose to you could interpret the response in either direction to be in response to union pressure. What I can give the committee and the people of Victoria the confidence in is that the overwhelming decision and the underlying logic that prevails in determining that outcome will be on the basis of the appropriate regulatory regime in the state of Victoria and the appropriate level of supervision that underpins the dispensing of medication. That will be the logic that prevails.

Mr CLARK — On a further supplementary question, are you suggesting one of the outcomes may be further restrictions on the ability of personal care attendants to dispense medication?

Mr JENNINGS — No.

The CHAIR — Minister, thank you very much. That concludes the consideration of the budget estimates for the portfolios of Aboriginal affairs and aged care. We thank not only you but your departmental officers, both those in attendance here today and the others who have worked so hard behind the scenes. It has been a very useful session. The committee has a couple of issues it will be following up directly with you, some of which you have taken on notice and others that we will be forwarding to you.

Committee adjourned.