

Aged & Community Services
Association of NSW & ACT
Incorporated

26 July 2006

The Committee Manager
Public Accounts Committee
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Sir/Madam

Re: Submission to the Public Accounts Committee of the New South Wales Parliament - HACC Program & Home Care Service of NSW

The Aged and Community Services Association of NSW & ACT (ACS) welcomes the opportunity to provide input into the New South Wales Parliament's inquiry into the Home and Community Care Program and the NSW Home Care Service. Please find following our submission including recommendations for the Committee to consider in its inquiry.

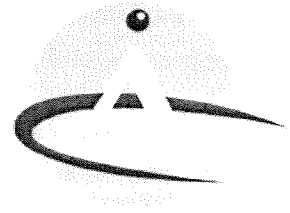
ACS would be happy to appear at any public hearings if asked and is happy for our submission to be published.

Should you require further clarification or information please do not hesitate to contact Paul Johnson, ACS Community Care Policy Officer or myself on 9743 4066.

We look forward to the outcomes of this Inquiry.

Yours faithfully

Paul Sadler
Chief Executive Officer



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Association of NSW & ACT

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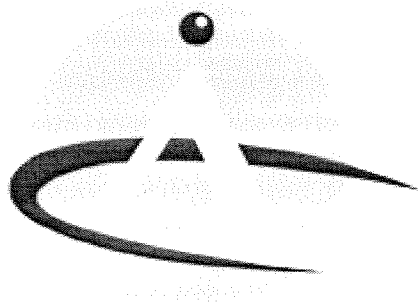
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HOME AND COMMUNITY CARE PROGRAM INQUIRY

AGED & COMMUNITY SERVICES ASSOCIATION
OF NSW & ACT SUBMISSION

TO THE PUBLIC ACCOUNTS COMMITTEE OF THE
NEW SOUTH WALES PARLIAMENT

26 July 2006

Summary of Recommendations

HACC Funding Arrangements

Recommendation 1:

A three-year planning cycle is introduced for the HACC Program as part of a renegotiated Australian Government / State Government HACC Agreement. Regional budgets, based on a streamlined number of service type output measures, should be approved on a three-year basis and confirmed through annual Federal and State Budgets.

Recommendation 2:

The Department of Ageing, Disability & Home Care makes publicly available the NSW HACC State Plan within one month of joint approval.

Recommendation 3:

Funding approval and planning processes for the HACC Program are integrated where possible, or at least aligned, with planning for other Australian and State Government community care and related programs.

Recommendation 4:

The Department of Ageing, Disability & Home Care reviews its methodology for allocation of new HACC funding in consultation with the HACC sector, and publishes its resultant allocation policy.

Home Care Service of NSW

Recommendation 5:

The State Government releases for public comment its proposals on the targeting strategies for Home Care Service of NSW.

Recommendation 6:

The Home Care Service of NSW adopts a policy and process for monitoring unmet need and consulting with other community care service providers as new resources are released.

Recommendation 7:

The Home Care Service of NSW participates in the development and implementation of new community care assessment processes and works closely with other assessment services and community care providers to ensure clients receive streamlined, coordinated assessments.

Recommendation 8:

The State Government reviews its role as a service provider via the Home Care Service of NSW, and if it is to continue, ensures effective separation of the roles the Department of Ageing, Disability & Home Care has as funder / monitor and provider.

Other Issues

Recommendation 9:

The NSW and Australian Governments increase HACC funding by 20% as an initial re-injection to enable a more appropriate level of care to be offered to existing clients to be followed by maintenance of sufficient growth to match future growth in demand of at least 6% per annum.

Recommendation 10:

The NSW and Australian Governments adjust the current inappropriate indexation methods for the HACC Program to ensure the true costs are reflected.

Recommendation 11:

The Department of Ageing, Disability & Home Care develops and funds a NSW Workforce Plan for Aged and Community Care, incorporating a state training strategy that provides for HACC services including volunteers.

Recommendation 12:

The Department of Ageing, Disability & Home Care develops a standard Fees Policy for the HACC Program, in consultation with community care providers and clients, as a matter of priority.

Recommendation 13:

The Department of Ageing, Disability & Home Care adopts the improvements to its acquittals processes outlined by the Community Care Industry Council / ACS Acquittals Policy.

ACS NSW & ACT

The Aged and Community Services Association of NSW & ACT Inc (ACS) is the peak organisation for aged and community care providers in the non-profit, church and charitable sector. ACS also provides services for those for-profit organisations that join our Industry Advice Scheme. We are members of the national Aged and Community Services Australia (ACSA) Federation. ACS also belongs to the NSW Community Care Industry Council which represents all the service provider peak bodies and to the NCOSS Home and Community Care (HACC) Issues Forum

As at June 2006 ACS had 300 members who manage 1670 services: 702 residential aged care facilities (221 nursing homes and 481 hostels), 411 retirement villages and 557 community care services (including 185 HACC services). ACS has a growing representation of HACC providers among its membership, including all of the 10 largest non-government organisations funded by the Department of Ageing, Disability and Home Care (*information sourced from DADHC Annual Report 2004-05*). In all, ACS members collectively receive approximately \$60 million in NSW HACC program funding.

ACS has prepared this submission on behalf of its members with an interest both in the HACC Program in NSW and the operations of Home Care Service of NSW.

Background to HACC Program

The Home and Community Care (HACC) Program is a joint Australian / State / Territory Government program originally created in 1985. The program is funded by both Australian and State governments, with some contribution from some local governments in NSW as well. Under the *Home and Community Care Act 1985 (Cwlth)* and the HACC Amending Agreement of 1998 between the Australian and NSW Governments, the Australian Government is responsible for national policy direction and approving jointly with the State Government annual plans which allocate funding to HACC regions (of which there are 16 in NSW). The State Government is responsible for day-to-day program administration and deciding on funding allocations to, and managing funding agreements with, organisations that provide HACC services. In NSW, the Department of Ageing, Disability and Home Care (DADHC) is the main department responsible for the administration of the HACC Program, but the Departments of Health and Transport also play a role.

In 2004-05, national expenditure on the HACC Program was estimated to be \$1.3 billion. There were at least 750,000 clients, of which 186,000 lived in NSW, receiving assistance over that financial year. In NSW, the HACC budget for 2006-07 is estimated to be \$504.7 million.

The HACC Program funds a range of services for frail older people, younger people with disabilities and their carers. These services include home nursing, personal care, domestic assistance, meals-on-wheels, social support, allied health, home modifications and maintenance, transport, centre-based day care and respite care. The program is part of a broader range of community care programs, including Australian Government-funded programs like Community Aged Care Packages (CACPs), Extended Aged Care in the Home (EACH) packages, National Respite for Carers Program (NRCP), joint Australian and State Government programs such as disability services under the Commonwealth State Territory Disability Agreement, and State programs such as community health.

The Australian Government has set a reform agenda for community care in Australia via *The Way Forward for Community Care: A New Strategy for Community Care*, released in 2004. This outlines plans to streamline and improve consistency of processes across Australian and State Government community care programs, including HACC, in areas such as planning, eligibility, assessment, accountability and fees policies. The NSW Government has indicated its support for the general directions of *The Way Forward*. ACS also supports the directions outlined, although

we remain cautious about some of the mechanisms that governments may use to bring about change.

As part of *The Way Forward*, the Australian Government is renegotiating the HACC Agreements with State and Territory Governments and has indicated it is aiming for approval of new Agreements by the end of 2006 with implementation from mid 2007.

Key Issues with HACC in NSW

The Public Accounts Committee terms of reference address two of the major issues facing the HACC Program in NSW:

1. *Delays in Release of New Funding.* As indicated below, these delays have been a consistent problem throughout the history of the HACC Program to greater or lesser extents. They result in delays in much needed services reaching frail older people, people with disabilities and carers.
2. *Performance Issues with the Home Care Service of NSW.* The Home Care Service is a NSW Government statutory authority – unique in Australia in the community care field. It receives about 40% of the HACC budget in the state, a figure which has declined considerably over the past fifteen years as an increasing proportion of HACC services are provided by the non-government sector. However, its sheer size and the fact that it remains the dominant provider of personal care and domestic assistance across NSW make its operations of keen interest to all other community care providers. Since the creation of DADHC, the Home Care Service has effectively been run by the same department that funds and monitors HACC services, an issue of some concern to ACS.

There are, however, some other key issues pertaining to the HACC Program which ACS is keen for the Public Accounts Committee to consider. There include:

- *Growth in Demand.* With an ageing population and increases in the number and longevity of younger people with disabilities, demand for community care services is increasing substantially. For example, the Australian Bureau of Statistics Survey of Disability, Ageing and Carers found an increase in the proportion of people aged 65+ reporting unmet needs in NSW from 29% in 1998 to 35% in 2003. This context is critical in any consideration of the future of the HACC Program. ACS believes an increase of 20% is necessary to address unmet need for HACC services.
- *Cost Pressures Exceed Funding Increases.* Wage and other cost increases (such as insurance, petrol) are routinely exceeding the increases in funding existing HACC services receive from annual indexation of government funding. The NSW Government has provided some top up funding in the past to recognise the impact of increases in the Social and Community Services (SACS) Award, but the Australian Government indexation formula usually provides only around 2% increases per annum, whereas costs increase by more than 3% each year. Some awards have gone up by 6% per annum in recent years. The net result is a slow erosion of service levels in many HACC services, even though the program has experienced regular growth of around 6% per annum in recent years. A new indexation formula is required that keeps pace with the real cost increases faced by services.
- *Workforce Shortages.* Already there are workforce shortages in some areas, such as nursing and some allied health professions, which are well documented. As the population ages, the projections are that workforce shortages will become structural. In the HACC Program, many services rely on volunteers, so responding to the workforce issues will require addressing the attraction and retention of volunteers as well as paid workers.

Terms of Reference

The report provides responses to each of the key terms of reference as follows:

1. The efficiency and effectiveness of the joint arrangements by the Commonwealth and NSW State Government for approval of the annual expenditure plan for the HACC program, with a focus on the timeliness of agreement of the plan and discharging of grants;

The delay in the signing and approval of the annual NSW HACC State Plans has been one of the most significant concerns expressed by our members and the HACC sector over the last several years. ACS and other statewide peak associations have regularly lobbied the Australian and State Governments regarding this issue and the impact it has on HACC-funded organisations and, more importantly, current and potential clients of HACC services.

The 1998 HACC Amending Agreement was intended to streamline HACC planning and funding processes by removing a requirement from the original HACC agreement for project by project joint approval by Federal and State Ministers for Ageing. Rather, Federal and State Ministers need only to agree to a State Plan that outlines the dollars to be allocated and outputs to be achieved in the 16 HACC regions in NSW. Individual projects are then approved by the State Minister only, but must be jointly announced by both the Federal and State Minister.

To ACS's knowledge, since 1999 no HACC State Plan has been approved by both the Federal and State Ministers for Ageing before November (the fifth month) in each financial year, and in most cases they have been later than March (the ninth month) in the financial year. For example the 2005/06 NSW HACC State Plan was officially signed off in June 2006 while the 2004/05 Plan was only approved in May 2005.

ACS understands there were problems with DADHC processing HACC Plans in a timely fashion in the early 2000s, while in other years the Federal Minister for Ageing has sat on the NSW Plan for many months before approving it. The Australian Department of Health and Ageing (DoHA) has stated it had concerns about some aspects of financial acquittals for the HACC Program from the State Government going back to the early 1990s. Apparently these issues were resolved in June 2006.

Part of the problem is that the current HACC Plans require too much detail on outputs at individual service type level (eg home nursing, personal care, transport, meals, etc). In turn the focus on output funding can restrict flexibility for both State Governments and service providers, impeding the capacity of services to shift resources to meet changing client needs.

In addition to overall delays, there has been a considerable lag time between initial announcements and funding allocations to service providers. For example, some ACS members reported they were still awaiting in November 2005 the results of selective tenders for funding from the 2004/05 State Plan. The impact of these delays can be broadly categorised into the following areas:

- **Consumer Needs:** Governments espouse the rhetoric of an ageing population in many areas of policy development and promote the concept of choice for frail older people and people with a disability regarding where they live and how their support needs are met. The HACC program has the specific aim: *"... to support these people to be more independent at home and in the community, thereby enhancing their quality of life and/or preventing their inappropriate admission to long term residential care"* (DoHA Website 2006). Major delays in allocation of funds from the single largest government-funded community care program effectively restrict and, in some cases, eliminate any choice clients have to remain in the home and community of their choosing. Delays in growth funding allocation also create inequities in available service provision, depending on the time of year people approach HACC services for assistance.

- **Operational Issues:** As a result of organisations being required to acquit any unspent HACC funding (and other income directly associated with the HACC funded service) back to the Department annually, the majority of HACC services do not have the capacity to respond to increased demand or changing priorities until the annual approval of the HACC State Plan. Furthermore the continual uncertainty of what time of year HACC growth funding may be released severely undermines any ability for organisations to plan future growth and human resource requirements. Workforce shortages within the community care sector are at a critical point, with delays and uncertainty in funding increases often resulting in qualified staff leaving organisations, and possibly the community care sector, for more secure employment elsewhere.
- **Financial Implications:** Older people are significant users of the hospital system and discharge back into the community often depends on the availability of HACC-funded community services to support the person. Delays in the annual allocation of HACC growth funds impacts on expenditure within the health system as people remain in hospital until community services become available. The HACC Program has a strong emphasis on encouraging independence and quality of life. As the population ages, having more services at the front end of the care continuum is crucial to ensuring the whole sector remains affordable to governments and the community. Provision of HACC services can reduce the need for admission to hospitals and other contacts with the health system (eg GP consultations).
- **Government Accountability:** At a time when service providers are required to be very transparent in how they operate and how government funds are spent, it is disappointing DADHC appears not to have the same level of public accountability. As at the time of writing this submission, the NSW HACC State Plans for 2004-05 and 2005-06 were yet to be made publicly available on the DADHC website despite both financial years passing. While the 2004-05 DADHC Annual Report provides an indication of how HACC funding was distributed, no comparison can be made with the original State Plan.
- **Future Planning:** Delayed funding allocations have a further impact on the annual planning processes undertaken by DADHC regions for future HACC funding priorities. Recently, delayed allocations have resulted in some services receiving growth funding two or more years on from when the unmet needs were identified. Community needs may change during such a lengthy funding process. Planning processes cannot be accurately and effectively undertaken before the full impact of the current year's funding allocations is known. Further discrepancies arise between the disjointed planning processes of the HACC Program and other Australian Government-funded programs. ACS members are currently reporting over supply of community care services in some regions due to the sudden and late release of HACC funding and through the Home Care Service opening its books in some areas with little notice.

Clearly the crux of the problem is to improve the approval process between the Australian and State Governments. The current system clearly does not work, with detrimental impacts on current and prospective HACC clients and their families, HACC service providers and their staff and volunteers.

ACS members, along with other community care providers, also raise concerns about the methodology DADHC uses to decide on how to allocate new HACC funding. At the moment DADHC seems to use three main methods: open tenders / expressions of interest; selective tenders; and direct allocations. ACS welcomes the fact that the department uses more than just the blunt methodology of open competitive tenders (as is the tendency with the Australian Department of Health & Ageing in its community care programs). However, DADHC's rationale for deciding on which methodology to use is often unclear. In some cases, quite large amounts of

funding go direct to existing service providers (sometimes with little or no consultation) when they might have been able to go to open tender. ACS has many members interested in applying for HACC funding, so greater transparency on how these decisions are made is important.

Recommendation 1:

A three-year planning cycle is introduced for the HACC Program as part of a renegotiated Australian Government / State Government HACC Agreement. Regional budgets, based on a streamlined number of service type output measures, should be approved on a three-year basis and confirmed through annual Federal and State Budgets.

Recommendation 2:

The Department of Ageing, Disability & Home Care makes publicly available the NSW HACC State Plan within one month of joint approval.

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Funding approval and planning processes for the HACC Program are integrated where possible, or at least aligned, with planning for other Australian and State Government community care and related programs.

Recommendation 4:

The Department of Ageing, Disability & Home Care reviews its methodology for allocation of new HACC funding in consultation with the HACC sector, and publishes its resultant allocation policy.

2. A follow-up inquiry of the Auditor-General's review of the Home Care Service in terms of:

a. Strategies for addressing unmet needs in the context of growing demand for services from eligible parties

As mentioned earlier, demand for HACC services is growing and currently the Home Care Service is the largest provider of personal care and domestic assistance in NSW. It is also a substantial provider of in-home respite care and a major provider of services to Aboriginal people.

ACS understands a paper was prepared by the Home Care Service on its overall targeting strategies, in response to the Auditor General's report. This paper has never been released, but the issue is critical for the capacity of the community care sector to respond to growing demand in NSW.

ACS is concerned there is a significant disparity between the approach Home Care and most community care providers adopt in addressing unmet needs. The Home Care Service continues to adopt a policy of not maintaining a waiting list (except for the High Needs Pool program) and simply advising people to contact other community services within their region. Waiting lists (or any record of unmet need) are a valuable evidence base that can be used for future program planning purposes and also for organisational quality purposes.

The Home Care Service has, since Christmas 2005, been making additional services available to regions across NSW. For example, ACS members in the Illawarra report that Home Care has released substantial additional hours this year, with some clients being offered substantial hours (around 35 hours per week) with very low fees. As a result, some CACP providers are reporting difficulty in filling vacancies where previously they have had long waiting lists. It also makes it difficult to plan, because other providers don't know if this is a temporary influx of hours or if they will continue. Ideally such substantial new levels of service should be delivered in consultation with other service providers, so that they are able to manage more effectively such impacts.

Recommendation 5:

The State Government releases for public comment its proposals on the targeting strategies for Home Care Service of NSW.

Recommendation 6:

The Home Care Service of NSW adopts a policy and process for monitoring unmet need and consulting with other community care service providers as new resources are released.

b. The effectiveness of Home Care Service processes for managing access to services, across service types

The Home Care Service has made significant investments in streamlining intake processes with the aim of improved efficiencies and consistency. This identifiable entry point is in line with current developments by the Australian Government through *The Way Forward* initiatives. It is important that Home Care is an active participant in the development and implementation of new assessment processes, including the trial of Australian Community Care Needs Assessment (ACCNA) tool.

However while initial screening and intake over the telephone is increasingly becoming accepted practice, it does rely on the skills of the assessor to conduct the process in an informative yet sensitive way. Furthermore, it relies on the skills of the potential client or their advocate to convey their needs in a manner that attempts to meet eligibility criteria. Home Care will need to monitor the effectiveness of its intake and assessment processes into the future and keeps lines of communication open with other community care services and assessment agencies such as Aged Care Assessment Teams.

Recommendation 7:

The Home Care Service of NSW participates in the development and implementation of new community care assessment processes and works closely with other assessment services and community care providers to ensure clients receive streamlined, coordinated assessments.

c. The extent of consumer input to Home Care Service design, management or delivery of programs and other mechanisms for assessing service quality

ACS supports appropriate client input into service delivery and management, as per the HACC Service Standards. We have no particular position on how this is best achieved by the Home Care Service of NSW, believing this is an issue that should be negotiated between the management and clients of each service provider.

d. The implementation by DADHC and Home Care Services of systems and processes to plan, monitor, report and improve accountability of the service; and

ACS understands DADHC plans to implement shortly with the Home Care Service its Integrated Monitoring Framework (IMF), which has been being rolled out to non-government organisations funded by the department since mid 2005. ACS supports application of the same basic accountability procedures to Home Care as to all other HACC services. We do note, though, that

our own members' experiences with the IMF suggest it may require adaptation to work effectively with a large statewide organisation such as Home Care.

Of more significant concern to ACS is the inherent tension posed by DADHC effectively monitoring itself when it monitors Home Care. It is vital the State Government consider whether it needs to continue to be a direct provider of community care services in the 21st Century, and if it does, it must ensure effective separation of the roles of funder / monitor from that of provider.

Recommendation 8:

The State Government reviews its role as a service provider via the Home Care Service of NSW, and if it is to continue, ensures effective separation of the roles the Department of Ageing, Disability & Home Care has as funder / monitor and provider.

3. Any other relevant matters

ACS believes three other issues need to be considered by the Public Accounts Committee.

Funding / Workforce Pressures

As outlined earlier in this submission, the HACC Program in NSW faces considerable pressures due to growing demand, costs outstripping indexation for existing services and workforce shortages.

Recommendation 9:

The NSW and Australian Governments increase HACC funding by 20% as an initial re-injection to enable a more appropriate level of care to be offered to existing clients to be followed by maintenance of sufficient growth to match future growth in demand of at least 6% per annum.

Recommendation 10:

The NSW and Australian Governments adjust the current inappropriate indexation methods for the HACC Program to ensure the true costs are reflected.

Recommendation 11:

The Department of Ageing, Disability & Home Care develops and funds a NSW Workforce Plan for Aged and Community Care, incorporating a state training strategy that provides for HACC services including volunteers.

Fees Policy

The NSW HACC Program continues to operate without a statewide client fees policy. ACS understands that the Australian Government is currently reviewing this issue under *The Way Forward*; however we believe a consistent approach to client fees is required within the NSW HACC Program prior to the development of a national approach. The lack of available and consolidated data within the NSW HACC sector on client fees places DADHC in a fragile position when participating in discussions with the Australian Government.

While most community care service providers have developed a fees schedule, there is no consistent approach within the HACC Program to determining and collecting of fees. As a result, clients can be charged different levels of fees (or in some cases no fee at all) depending on where they live and who they receive services from. ACS is particularly conscious of inconsistencies with the fee regimes of other community care programs, such as CACPs and Veterans Home Care, which often charge clients more than HACC services (including the Home Care Service) meaning clients can be reluctant to shift to services that may be more appropriate

for them. ACS is also concerned recent DADHC funded reviews of HACC Service Types Guidelines have produced varied models and references to HACC arrangements in other states in developing fees policies.

ACS supports introduction of a fees policy to ensure equity is achieved and financial disadvantage recognised.

Recommendation 12:

The Department of Ageing, Disability & Home Care develops a standard Fees Policy for the HACC Program, in consultation with community care providers and clients, as a matter of priority.

Acquittals Policy

As mentioned earlier, organisations are required to acquit any unspent HACC funding (and other income directly associated with the HACC-funded service) back to the DADHC annually. Because of this, the majority of HACC services do not have the capacity to respond to increased demand or changing priorities until the annual approval of the HACC State Plan. The processes DADHC has used for financial acquittals – for HACC, ageing and disability services – have been complex and, for some years, poorly administered.

While ACS supports proper accountability for government funding, we believe there are substantial improvements that could be made. ACS and the Community Care Industry Council have proposed changes to improve the acquittals process, including giving service providers incentives to perform efficiently. A copy of the Community Care Industry Council / ACS Acquittals Policy is attached.

Recommendation 13:

The Department of Ageing, Disability & Home Care adopts the improvements to its acquittals processes outlined by the Community Care Industry Council / ACS Acquittals Policy.



The Community Care Industry Council

Acquittals in Community Care

Policy Position Paper

April 2004

Overview

The Community Care Industry Council (CCIC) supports a clear and transparent process for the accounting of expenditure of government funding.

The process for the management of acquittals for community care services by the NSW Government is cumbersome and inefficient. There are also opportunities for streamlining acquittal processes for Australian government funded community care programs.

Inefficiencies in the system can lead to significant delays in the expenditure of surplus funds, which ultimately impact on the provision of services for older people, people with disabilities and their carers. This is particularly evident for Home and Community Care (HACC) funded services in NSW.

The CCIC supports the following position:

1. There should be financial accountability for public funds;
2. Accountability processes should not cost more than the amounts of public funds involved;
3. Acquittals for community care by the Australian, State and Territory Governments could be undertaken on an bi-annual or tri-annual basis;
4. That governments, in consultation with the non-government sector, develops a tiered system for the assessment of acquittals;
5. That service providers funded for one-off, fixed term projects complete an acquittal at the end of the project;
6. That providers be supported and encouraged to complete acquittals electronically;
7. That the State, Territory and Australian Governments develop appeals processes for dealing with anomalies in acquittals.

8. That income from client contributions collected by service providers is separate from the acquittal of government funding.

Since 2003, many CCIC members have raised concerns about the acquittal processes for community care providers. Acquittal processes vary significantly between the Australian and State Governments' community care programs. This creates significant confusion and difficulties for community care providers who run multiple programs.

The CCIC believes it is vital that the acquittal process for community care providers is consistent across community care programs. Guidelines need to be developed that ensure a clear, transparent and efficient process for providers and government. Significant savings could be achieved through the streamlining of acquittals.

KEY ISSUES

Current Acquittal Process

State/Australian Government Community Care Programs in NSW

In NSW, Home and Community Care (HACC) funded community care providers have consistently raised concerns about the acquittal process in NSW. These concerns include:

- lack of clear and concise information about the principles of the acquittal process;
- serious delays in notification of acquittal outcomes (the 2001/02 acquittals for HACC services in NSW are still outstanding); and
- no clear process for appeals on the outcomes of acquittals.

Many of these issues have been exacerbated since the restructure of the Department of Ageing, Disability and Home Care (DADHC) in 2003. The tensions between what is undertaken centrally within DADHC and the role of regional offices has made the acquittal process more cumbersome and confusing for many community care providers.

The current acquittal process within DADHC for HACC funded services is as follows:

- HACC funded services complete an acquittal on an annual basis that is submitted to the Contract Management Unit in the central office of DADHC;
- all acquittals are forwarded to a contracted accounting agency for auditing (regardless of amounts);
- information is sent back to the Contract Management Unit;
- the Contract Management Unit forwards information to the regional office of DADHC;
- the regional office requests further information from services that have not provided adequate information about the acquittal; and
- information is forwarded back to central office to the Contract Management Unit for processing.

In NSW, the acquittal process can take up to six months or longer (for example, the 2001/02 HACC acquittals have not been finalised by March 2004). The cumbersome nature of the acquittal process in NSW has significant flow-on effects to service providers and consumers of services.

There are also issues and concerns about the acquittal process for one-off or fixed term projects funded under the HACC program. Services funded for fixed term projects should not have to complete an acquittal until the completion of the project.

It is extremely difficult for service providers to plan for increased service delivery because of the delays in the acquittal process. This also means that consumers could be missing out on additional services because of delays in decisions about expenditure of surpluses.

Australian Government Community Care Programs

The acquittal process for Australian Government community care programs varies significantly between programs.

The Community Aged Care Package (CACP) and the Extended Aged Care in the Home (EACH) programs provide financial information that is submitted to the Department on a monthly basis.

The National Respite for Carers Program and Commonwealth Carelink acquit quarterly and annual financial reports to the Australian Department of Health and Ageing.

The forms and format of acquittals vary significantly between the different Australian Government community care programs. For example, the acquittal format for the National Respite for Carers program is different from the format used by Commonwealth Carelink.

Many providers receive multiple funding from State and Australian Government programs that creates confusion for community care providers when acquitting government expenditure.

Policy

The CCIC supports clear and transparent processes for the allocation of community care funding. This includes clear and equitable processes for service providers accounting for the expenditure of government funding.

The costs of providing community care are rising through increased costs of insurance, award increases and workers' compensation premiums. State and Australian Governments should provide additional funding to service providers to meet these rising costs. Alternatively, community care providers could be allowed to retain a certain percentage of their base funding to ensure they can budget for these increased costs.

The acquittal process for many community care providers is cumbersome, inefficient and involves significant duplication for service providers. Accountability processes should assist services to provide services flexibly, assisting long-term financial planning and service viability. The accountability processes should not cost more than the amount of public funds involved.

Service providers are required to include client contributions as part of their acquittal. Service providers use client contributions to enhance service delivery for clients. The CCIC believes that income from client contributions should be separate from income from government funding.

The acquittal process could be streamlined and more efficient for service providers. Options that could be considered for the Australian Department of Health and Ageing and the NSW Department of Ageing, Disability and Home Care include:

- Acquittals for funded services (particularly HACC services) should be undertaken on an bi-annual or tri-annual basis;
- Encouraging service providers to complete acquittals electronically;
- Developing a tiered system for the assessment of acquittals for HACC services in NSW. HACC services should be able to keep a percentage of the base level of funding (for example 5-10%). This would reduce the paperwork for providers and for DADHC;
- One-off, fixed term projects could provide an acquittal at the completion of the project;
- Encouraging service providers to separate income from government funding and income from client contributions. Income from client contributions should not be part of the acquittal of government funding.

To ensure transparency, the Australian and State Governments should have an anomalies committee or a clear process for service providers to appeal if there are disputes about acquittals.

Service providers need clear guidelines about acquittals and how to follow the processes required by the Australian and State Governments. Clear guidelines on acquittals should be developed for providers in partnership with peak agencies such as those represented on the Community Care Industry Council of NSW.