

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 24 June 2004

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr G. Jennings, Minister for Aged Care;

Mr P. Allen, acting secretary;

Mr L. Wallace, executive director, financial and corporate services;

Ms J. Herington, director, aged care; and

Dr C. Brook, executive director, rural and regional health and aged care services, Department of Human Services.

**The CHAIR** — I thank new witnesses for joining us, and I welcome Mr Peter Allen, acting secretary, 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, all from the Department of Human Services. Minister, it is over to you to give a brief presentation on the more complex financial and performance matters in your portfolio. I ask that you try to keep it to 5 minutes.

**Overheads shown.**

**Mr JENNINGS** — Sure. I hope I can keep to 5 minutes, given that there are numbers in this presentation. Mr Forwood will be rapt, but they may slow me down a little bit!

I will try to put a context for the aged care budget and run through the highlights of the last 12 months and give you some indication of where we are heading. In the context of the ageing population, it has become almost rhetorical that we understand that we are an ageing population, but if you actually have a look at the profile on the table headed 'Context 1' that is shown on the screen, the yellow bars on the graph indicate the time sequence for the age profile of the community. You will see how that varies over the next 30-year time frame by the red bars; and you can see a monumental shift in that age profile, which is an ongoing and sustainable feature of our community given the low birth rates and the significant birth rates that happened about 50 or 60 years ago. They are chalk and cheese in terms of their quantum, and it will change the age profile of this nation forever.

In meeting the consequent demand for aged care services we in the state of Victoria do not have the benefit of the largesse of the commonwealth, which is a major provider of residential aged care funding and which plays a significant role in home and community care and other community care issues. Indeed the second bar graph headed 'Context 2' clearly indicates that Victoria is receiving the lowest allocation of commonwealth money in relation to those important aged care programs of any state — well below the national average. Indeed that situation is not about to be corrected by the actions of the commonwealth government because one significant component, for instance, is home and community care funding, which is in fact subject to an equalisation formula. That effectively disadvantages the state of Victoria, which has always matched or more than matched its funding requirement for HACC. Effectively the commonwealth is using this as a bit of an opportunity to redistribute HACC money around the country to Victoria's detriment. That is a bit counterproductive as the investment that Victoria provides is a significant component to that total investment.

As I indicated to the committee last year when I was here, we are well and truly under the commonwealth's benchmark for residential aged care, which means we are losing significant funding coming to that sector. An indication of this is the bar graph headed 'Context 3', which looks at the trend line in residential aged care, particularly high care, over the period 1990 to 2000. In fact members of the committee may notice that when this trend analysis started, according to the commonwealth benchmark, Victoria had an oversupply of high-care places. So in 1990 there were almost 3500 beds in excess of the commonwealth benchmark. What has happened from 1990 until now is that in about 2000 there was a crossover and the commonwealth benchmark of 40 high-care beds per 1000 for older members over the age of 70 actually exceeded the supply of operational beds. That is the trend line that continues to this day and into the future, and we anticipate that we will continue to be short of high-care places.

You will note the bottom trend line which indicates low-care places. In the commonwealth budget only a month and a half ago the low-care benchmark was reduced from 50 beds per 1000 to 48 beds per 1000 and we will still be under in the supply next year of low-care beds. In particular the commonwealth has drawn attention to its changing focus from allocation for day-bed subsidies to community care packages, as a major initiative. They have increased that benchmark, but the committee will note that next year the commonwealth has compounded the disadvantage of Victoria by the anticipated operating packages being under the number of care packages available to the state of Victoria compared to the benchmark.

The following graph is an indication of the growth of the budget over the life of the Bracks government in terms of that level of investment. Members of the committee will note that on coming to office the comparable aged care budget was \$629.1 million rising to \$781.4 million in this current budget, something that the Bracks government recognises as a significant contribution to the wellbeing of older members of our community. The way that we have demonstrated this over the past 12 months has been through important initiatives to try to improve the quality of life for older members of the community in supported residential services reforms that have led to a new piece of legislation to improve the regulatory and enforcement capacity of quality control within the supported residential

service sector. We have addressed the major work force planning issue and quality of care issue by opening the scope of practice after lengthy consideration to allow division 2 nurses to administer medication. In cooperation with my colleague the Minister for Health, Bronwyn Pike, we have launched a major initiative right across the health care sector, entitled 'Improving care for older people'. We are pretty enthusiastic about rolling out a cultural change in acute hospital settings to make sure that quality assessments of the complexities of the needs of older people are addressed rather than being confronted with the presenting problems, and there is in fact appropriate discharge planning to community-based services and step-down facilities which have been subject to major investments through a number of programs funded by me and the Minister for Health.

We have given particular emphasis to a program called Well for Life, which is a kit developed by the department in association with the National Ageing Research Institute designed to look at ways in which we can provide adequate nutrition and physical activity for older members of the community, to make sure that they are well-fed and to find opportunities to exercise and participate in community life. The Well for Life program is a fantastic one that will receive further support during this current financial year. A major priority of the government is to make sure that we improve the quality of access to home and community care services for those who live in regions of relative disadvantage to other members of the community and in particular to address the poor access experience by members of our community with culturally and linguistically diverse backgrounds. We have had a major emphasis on improving that line of accessibility and introduced a scheme in cooperation with major providers in the Ethnic Communities Council of Victoria to drive those reforms and make sure there is greater access in the future.

In terms of where we are going in the next year, we will continue that major investment in relation to residential aged care, which is a significant undertaking by the Bracks government, where \$217 million has been allocated during the life of this government to rebuilding and upgrading residential aged care facilities right around Victoria. In this budget \$79.5 million continues as part of that commitment. We have added a new initiative, building on positive ageing, because we recognise that it is important to have programs that link up and facilitate the enjoyment and quality of life that most older members of the community want to continue to have after their retirement so they are not stereotyped as being inert, inactive and non-participatory members of our community. The positive ageing strategy is designed to support that as is the healthy and active living strategy which will be part of something that I have talked about before. It joins up with the government's approach in relation to a number of programmatic outcomes across the life cycle of Victorians to make sure that young people and old people recognise that there is a need to be involved in healthy and active living, and that nobody misses out on opportunities to participate in quality of community life.

We want to make sure that there is an ongoing commitment to improving home and community care, a major problem in keeping up demand. All members of the committee understand that demand issues are rife. We are one government that understands that we have an obligation to go beyond our matching component with the commonwealth; in fact we have turned HACC into a fifty-fifty program in the state of Victoria as distinct from what is nationally known as a sixty-forty commonwealth-biased program. We have just about broken even with the commonwealth in terms of our allocation of HACC funding. As part of the hospital demand management strategy, we have allocated money to continue to support a quality of independent living, and I will hopefully have an opportunity during the course of the hearing to discuss that matter. In supported residential services, beyond the legislative reform that I referred to earlier, we are looking at the financial sustainability and viability of the sector and introducing packaged care on a pilot basis to support the care needs of residents in that important but private sector in the years to come.

**The CHAIR** — Thank you, Minister. I am very interested in HACC. If you go to BP3, page 79, you have quantity measures there and cost measures. Could you give us some information in relation to Victorian government funds on HACC services? You mentioned that currently we are operating at around about 50 per cent. Could you also tell us what those will be delivering? You have got here an output measure of 330 000 units. Could you explain that in more detail?

**Mr JENNINGS** — In the 2003–04 budget, the government announced an additional \$69 million over the four-year period to provide for growth funds in the home and community care program. As I indicated to the committee a few minutes ago, we know that home and community care is a commonwealth and state matched program, but in Victoria we have the benefit of it being delivered quite often in partnership with local government, and in fact they must be acknowledged as contributing significant resources of local government funds to this endeavour — somewhere in the order of \$70 million — which adds to the cumulative effect of state and commonwealth funding — —

**The CHAIR** — Seven million?

**Mr JENNINGS** — Seventy million.

**The CHAIR** — I thought it was a bit low.

**Mr JENNINGS** — Significant. But in my quick run-through to the committee I indicated that one of the pressures that the Victorian government and the Victorian community have to endure at this point of time is that the commonwealth has an intention to equalise funding across the nation. So many states on many occasions over the last decade have not met their matching requirement with the commonwealth, but Victoria has consistently been a state that has at least matched and, during the life of the Bracks government, more than matched its funding allocation, and because now the equalisation formula is being applied to the quantum in the state of Victoria we are experiencing reduced growth rates compared to other states. It is significantly lower than our counterparts in New South Wales and Queensland as an example. However, notwithstanding that, it is the intention of our government to continue with our commitment to more than match, because we can provide for additional benefits such as trying to address regional inequalities in a way that would not be immediately available to us within the matched state-commonwealth agreement. So in our unmatched component that is an emphasis that the Department of Human Services and I have tried to roll out to make sure we start addressing inter and intraregional disadvantage and relative pockets of disadvantage, and it provides us with the opportunity to do additional things, such as the cultural gateways designed to improve access for members of culturally and linguistically diverse background communities and also indigenous communities, because their experience of access to HACC is also similar. So we use state-only money to try to improve those access arrangements where we are intending to continue with those undertakings.

An example of the way in which we can use state-only money has been to be able to provide for transport services — and members of the upper house are well versed in all this material, but other members of the committee may not be — is that in using state-only money we allocated \$1.3 million to boost flexible transport opportunities for going out through HACC providers at the end of the financial year, which enabled us to replace the bus and car fleet of a number of HACC providers. As a specific initiative we have also been able to provide additional dementia support in terms of respite care for families who look after people with dementia. An additional \$560 000 was allocated during the course of the last financial year. We have also been able to support other key initiatives, such as an assessment of access issues for Aboriginal people through a research program that is coordinating the activities of Aboriginal providers.

**The CHAIR** — Can you conclude your answer, please, Minister? I would be keen for facts and figures, if you have those. It looks like you have two or three pages of those. We are happy to have those provided to us in the interests of time. I know Mr Forwood loves figures.

**Mr FORWOOD** — I have got a quick supplementary — that is all.

**The CHAIR** — If you can give us a super summary of those three pages; otherwise you might like to provide it to the committee.

**Mr JENNINGS** — A super summary?

**The CHAIR** — Yes.

**Mr JENNINGS** — In the flavour of *Super Size Me*, I will provide the committee with something.

**Mr FORWOOD** — Well done. A point of clarification, Minister: the two output groups on page 79 under HACC add to \$378.2 million. Is that all Victorian money?

**Mr JENNINGS** — No.

**Mr FORWOOD** — Can you provide the committee with the break-up of the sources of the \$378.2 million?

**Mr JENNINGS** — I can.

**Ms GREEN** — How do you come to 378.2?

**Mr FORWOOD** — Add 350 plus 28.2.

**Ms GREEN** — Yes.

**Mr JENNINGS** — The quantum is \$191.6 million from the commonwealth and \$186.6 million coming from Victoria.

**Mr FORWOOD** — The rest, you mean?

**Mr JENNINGS** — Yes.

**Mr FORWOOD** — Thanks.

**The CHAIR** — And local government is never ever incorporated into our state budget figures?

**Mr JENNINGS** — No.

**Mr FORWOOD** — And no clients are charged fees?

**Mr JENNINGS** — Clients may be charged fees in terms of the provision of services, but that money is gathered by the provider and used by the provider on a not-for-profit basis to support services, so HACC is not a cash cow of any provider. It is clearly on the basis that a user pays beyond the level of the pricing structure that is provided by the state and commonwealth program.

**Mr FORWOOD** — So to get the total amount spent on HACC, you have to add to the 378 the additional amount raised through fees?

**Mr JENNINGS** — Yes, and local government contribution, yes.

**Mr FORWOOD** — And do you have those figures?

**Mr JENNINGS** — No, I do not have that figure, because there is not currently a reporting mechanism that requires what the input contribution is of local government, in the first instance, as an example of a major provider in the sector, but — —

**Ms ROMANES** — Would not the \$70 million be netted from revenue?

**Mr JENNINGS** — It is in the ballpark of the three tiers of government in the state of Victoria. It currently would run in the order of \$450 million, plus what contribution the user-pays makes to the system.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about your commitment during the election campaign to provide \$70 million to rebuild rural nursing homes. In last year's budget you allocated \$25.5 million for four of those 10 properties, being Red Cliffs, Numurkah, Eildon and Trafalgar. This year's budget allocates a lesser amount of \$15.5 million for a total of 41. I understand that the extra money was for the Yarrawonga and Seymour properties. What I am interested in is the other four properties for which funding has not been provided — Castlemaine, Warracknabeal, Skipton and Portland. Given that the funding that has been allocated so far now extends beyond the life of the current government and beyond the next election, first of all, will funding be provided for the other four properties for the extra \$29 million that you have completed, and when can we expect to see those projects?

**Mr JENNINGS** — The answer is yes, and they will be committed by the end of this term of government in accordance with the undertaking we took to the people, and those funds will be allocated in a timely way to make sure that any of those services that you have referred to comply with their accreditation standards by the beginning of 2008, so the construction takes place and is completed by then. Within the life of this government all those projects will be completed. I note that you ignored the allocation of \$50 million of construction in this year's budget for Grace McKellar, which is also an important undertaking we made and is part of the 79.5.

**Mr FORWOOD** — Part of the \$79.5 million is the \$50 million for Grace McKellar?

**Mr JENNINGS** — Yes.

**Mr RICH-PHILLIPS** — But that was not part of the \$70 million that I am talking about.

**Mr JENNINGS** — But for completeness I am letting you know that the reconciliation of the 79.5 means that the cumulative commitments you have referred to and Grace McKellar is \$120 million.

**Mr RICH-PHILLIPS** — And Colac.

**Mr JENNINGS** — Colac was funded this year but it was not a feature of Labor's commitment at the 2002 election, so thank you for acknowledging the bonus.

**The CHAIR** — Do you want to put on record how much Colac was?

**Mr JENNINGS** — Colac is in the order of — I was going to say \$14 million.

**Mr FORWOOD** — I was going to say \$14.4 million from memory.

**Mr JENNINGS** — Fourteen, yes.

**Mr RICH-PHILLIPS** — So those 10 projects will all be completed by 2008?

**Mr JENNINGS** — Yes.

**Mr FORWOOD** — On the chart you have \$79.5 million this year. So \$50 million has gone to Grace McKellar; where has the other \$29.5 million gone?

**Mr JENNINGS** — Grace McKellar, \$50 million, Colac Area Health, \$14 million, Yarrawonga, \$10.5 million and Seymour, \$5 million.

**Ms ROMANES** — Minister, in table A.8 on page 275 of budget paper 3 there is \$5 million of funding over the next four years to implement the positive ageing strategy, which you mentioned in your presentation. Can you give the committee more details on the strategy and what it will involve?

**Mr JENNINGS** — Thank you for the chance to talk about what Barry Jones has referred to as and encouraged me to refer to as the vertical component of the aged members of our community. He says with all this talk about the burden of care for older members of the community you have to remember that at any one particular time 93 per cent are vertical and 7 per cent are horizontal in terms of requiring care. Let us not argue about the statistical validity of that number, but it is roughly in that order. Most people are maintaining healthy, active and independent lives. The underlying rationale for the government to support the positive ageing agenda is to create a better understanding of that fact within the community and that we do not reduce it to negative stereotypes about ageing but see people as active participants with quality of life. We are doing that in a number of ways. We have tried to eat into the media portrayal of this issue by promoting the development of scripts, and we have brought in producers and writers to try to develop a regime to put things on our airways that will turn that around. We have sponsored community events and pieces of theatre to try to address that on the basis of cultural stereotypes that in fact may currently negatively impact. We want to turn that around.

We have also recognised the major importance of turning around the perception that people in the work force over the age of 45 are redundant and replaceable. In fact we have taken that head on by promoting the scheme which was rolled out in cooperation with the Victorian Employers Chamber of Commerce and Industry, to make sure it permeated all small businesses in Victoria, to say that it is much better in terms of cost effectiveness and efficiency in work force planning needs over the next 10 to 20 years to make sure you retain and retrain older workers rather than letting them go. We have also spent some time trying to turn around the culture that early retirement is a good idea. For the last 20 or 30 years early retirement at 55 has been a common feature, which is a trend that in my view should not continue unabated. We need to turn around that perception, because it means that people are retiring early and have very long periods of time in retirement, which leads to problems in terms of income security and of sustained quality of life. It is important both in terms of quality of life issues and in terms of an employer's needs that these things be redressed by keeping people in the work force longer. We have rolled out that program, and we would be anticipating rolling out that program further as part of this positive ageing agenda.

**Ms ROMANES** — Minister, I understand this program fits within the Office of Senior Victorians, and also I am sure it has the support of your senior Victorians advisory committee, but recently you announced the

move of the Office of Senior Victorians to the Department for Victorian Communities. Can you give the committee the reasons for this transfer, and is it reflected in the 2004–05 budget papers?

**Mr JENNINGS** — Addressing that matter as a first order issue, it is not reflected in the current budget papers, as it was announced with the publication of the budget papers imminent, but it will take effect from the next budget papers. I can confirm to the committee that the positive ageing output will transfer to the Department for Victorian Communities and it is intended to be incorporated into the ‘People, community, building and information services’ output group, and that is where it will appear in future budgets. At this point in time the scope of that transfer is in the order of \$4.9 million from the current output tables contained in this current budget and will involve the transfer of 14 staff.

The committee would be aware from my presentation earlier of the underlying ethos and reason behind the Department for Victorian Communities, and probably from the contribution of other ministers who have appeared before the committee as well, that part of our challenge is to provide for the effective linking up of government services. That is one of the reasons the Department for Victorian Communities came together, so we could co-locate a number of programmatic areas that have responsibility for the quality of life of particular demographics within our community, whether that be geographic communities, ethnically based communities, communities on the basis of disadvantage, or in this case in terms of older sections of our community. So you can define community in a number of different ways. From that desire to get holistic responses to those communities’ needs, there will be pooled up resources within one government department that then has a method to go out with other agencies across the breadth of portfolio responsibilities and link up programs in creative ways that we have grappled with — and all governments have grappled with them over time with varying degrees of success — but that is the core principle and the core reason we are making the transfer.

**Mr CLARK** — I wish to follow up Mr Rich-Phillips’s question about bringing up to standard state-owned nursing homes. I understand you told the Parliament on 22 April that there are 194 public sector facilities in Victoria and you gave a guarantee that no facilities would close because there was not sufficient investment to meet accreditation standards by 2008. Following the figures discussed previously, I noted on 30 April in a news release you indicated that the government has already provided \$137.5 million to redevelop 27 nursing homes, and of course there is a further \$79 million provided in the current budget for redevelopment. On my arithmetic that leaves 163 public sector facilities that have not yet had funding committed towards them. Further, on my arithmetic, of the \$70 million that was pledged in the 2002 election platform, there is \$29 million as yet uncommitted after deducting the \$41 million that has already been committed. Can you tell the committee whether you believe that remaining \$29 million will be enough to bring the 163 outstanding facilities up to standard? If not, how much additional do you expect will need to be provided and how do you propose to provide it? Can you confirm your guarantee that there will not be any public sector residential facility closures?

**Mr JENNINGS** — Let me start by saying yes, I continue to confirm the guarantee that no facility will close because of lack of funding provided by the state of Victoria to ensure that they have the wherewithal to provide that infrastructure to meet accreditation in 2008.

**Mr CLARK** — That is a start.

**Mr FORWOOD** — Now we would like the figures.

**Mr JENNINGS** — I appreciate that this is a complex area in terms of tracking the investment and what the accreditation requirements absolutely are, but embedded within your question, Mr Clark, were some incorrect assumptions in terms of your arithmetic. We identified a number of specific programs allocated in Labor’s financial statement — ones I have actually announced during the life of this government and ones yet to come. The assumption is that all 163 facilities will require a level of capital investment to meet accreditation standards. That is not the case. In fact, the number is far short of that. There may be only in the order of two or three projects across the state beyond the scope of what has already been announced which may require that degree of funding. The reason I can say with confidence that those accreditation standards will be met is that a significant level of investment has already been announced and allocated and over the life of coming budgets those final projects will be completed.

**Mr CLARK** — Does it follow then that you are saying you do believe the \$29 million remaining unallocated will be sufficient to bring the remaining 163 up to standard?

**Mr JENNINGS** — The commitment in Labor's financial statement (LFS)? No, because Colac, which was funded in this budget, was an example of going beyond those LFS commitments. The LFS, which underpinned the election commitments in 2002, was not the complete list but it was pretty close to the complete list of projects required to meet 2008 accreditation and to ensure the ongoing fabric of certain facilities which may have been questionable in relation to their accreditation standards. I maintain my degree of confidence and my guarantee to both the Parliament and the committee that that money will be identified and allocated during the life of the government.

**Mr CLARK** — Can you indicate what is needed beyond the \$29 million remaining?

**Mr JENNINGS** — We have clearly identified some locations. Kingston, Wangaratta and Ararat are those which we believe will be requiring further allocation of funds. Kingston is a major redevelopment of a range of services including residential aged care, subacute care and rehabilitation care. We are looking at the appropriate configurations of that service and the Caulfield redevelopment. Again, Caulfield does not formally fit within residential aged care. It has very antiquated rehabilitation units within it which require rehabilitation themselves. It is colloquially known as the Breezeway, and a breezeway it is; it is a very antiquated system. The reason I am giving you this detail rather than an absolute number is that we are looking at trying to find innovative ways of developing a service configuration that may be different from just a straight redevelopment of a residential aged care facility. We are looking at it in the context of redeveloping those facilities as two precincts. That is a key reason I am not going to pin down a number — we are actively thinking about that work. However, have no doubt about it, I am sticking, for about the sixth time, to the guarantee that we will meet accreditation.

**The CHAIR** — Thank you very much.

**Mr FORWOOD** — A quick supplementary?

**The CHAIR** — If it is on bringing state-owned nursing homes up to standard in 2008 which is requiring explanation of what has just been said.

**Mr FORWOOD** — Thank you. One hundred and sixty-three was the figure we thought we had to go and you said you did not think many of them would need it. Are we only talking 10 or 12 out of that? Do you reckon more than 140 of those facilities will be able to reach the accreditation without any significant capital contribution?

**Mr JENNINGS** — Yes.

**Ms GREEN** — The slide you presented on the ageing of the Victorian population will obviously present some significant work force issues. You referred to one of those work force issues — and a highlight of the past 12 months — as being the extension of the scope of practice of division 2 nurses. What steps has the government taken since the passage of the legislation in May to ensure the successful implementation of this extended scope of practice?

**Mr JENNINGS** — It sounds like a fairly simple question and a very simple matter, but I can tell you that it has been a long time in gestation. Delivering this reform, which has finally arrived, of broadening the scope of practice for division 2 nurses has been the subject of much deliberation within the broader health care sector for a long time. It was under the active consideration of successive governments in Victoria and subject to a lot of deliberative work by the Nurses Board of Victoria, which steered a lot of the quality work in terms of engaging stakeholders, union representatives, the industry, nurses themselves and academia to try to determine what the appropriate scope of practice should be. Once that work started to come together and jell early last year, a number of administrative changes and programs had to be put in place to make it a reality. It involved a level of agreement across the stakeholders — the recommendations of the Nurses Board of Victoria came to government — about what that scope should be and various guidelines in terms of case practice scenarios and different circumstances in different settings. Clearly, aged care was one of those important settings where it would be extremely useful in terms of providing quality care and continuity of care for division 2 nurses to be able to administer more medication than they had previously.

The recommendations said division 2 nurses could administer orally or through tubes that enter through the mouth in tablet or liquid form certain substances in divisions 4, 8 and 9 of the Drugs, Poisons and Controlled Substances Act under the supervision of division 1 nurses. The trick was how you mirror that in legislation and regulation. There had to be a procedure to dovetail the Nurses Act — the head of power that scopes the range of activities



nurses can undertake — and the administration of medication, which is controlled by the Drugs, Poisons and Controlled Substances Act, to allow for the registration of division 2 nurses under the Nurses Act and the appropriate authorisation to practice under the Drugs, Poisons and Controlled Substances Act. Getting that administrative alignment proved to be an interesting exercise in itself, but it was successfully completed. All members of Parliament know that we passed that bill in the last sitting and it has finally been enacted.

Simultaneously we had to ensure that training was provided to the sector to make sure this opportunity was taken up. There are about 17 500 division 2 nurses in the State of Victoria, and we want to ensure there is an effective rollout of training programs to support them, so we worked in cooperation with the Victorian Qualifications Authority and the Nurses Board of Victoria to provide for those training modules. We have identified through the Office of Training and Tertiary Education opportunities for providers to roll out that training module from the commencement of the next semester. We have identified 17 providers who will be able to undertake that training from next semester on. The government has allocated \$590 000 in the outgoing financial year to provide support for what we estimate to be somewhere in the order of 360 and beyond nurses to be first cabs off the rank with that training. All of those elements have clicked into gear, and I am very pleased that with the support of all those people — all those with vested interests and all stakeholders within the sector — there is unanimous and rousing support for this initiative.

**Mr FORWOOD** — Minister, I understand the federal government has proposed funding an annual four weeks respite for aged carers over the age of 70 and has allocated funds — over \$70-odd million over four years — contingent upon matching funding from the state. My question is: does the government intend to match it?

**Mr JENNINGS** — Mr Forwood, you will probably get a longer answer than you might have anticipated.

**Mr FORWOOD** — I will look forward to the answer.

**Mr JENNINGS** — Because I am acutely aware that it is of current interest to the Liberal Party and, I assume, the coalition members in the federal government that respite services are a feature of recent pronouncements on funding opportunities. Without wishing to dampen down the importance of the announcement of the commonwealth of this important endeavour, it is important that we understand that we should be beyond the time in terms of jurisdictional arrangements when one jurisdiction unilaterally makes pronouncements about a policy direction and then insists on it being matched by another jurisdiction. That is fairly ordinary behaviour, and it has been a feature of some announcements. I just say that on the way through, because what it means is, as we all know, significant undertakings are made and locked up within government administrations in all jurisdictions. Their budget processes culminate in about May, and then they allocate with some discretion but not a lot — hardly any — of what their budget allocation will be in the following year.

The matter the member has referred to was an announcement that came very late in the budget cycle, and a capacity to immediately and spontaneously say we would match it was not available to us. But my colleague the Minister for Community Services and her team are exercising their minds about how that offer, which was delivered in a somewhat pre-emptive fashion, may be considered. Members of the committee should be aware that the Minister for Community Services through the disability programs already has a significant funding allocation in this budget to address respite care. Indeed \$39.5 million has been allocated through the disability program in this budget to deal with respite care issues. In fact it is anticipated that as part of the disability program 15 420 episodes of care will be provided to those who care for their loved ones or their near and dear family members who are disabled. Significant investment of \$2.3 million comes to respite through the mental health program for a similar purpose, and significant investment — in the order of about \$62 million cumulatively — comes through programs in areas I am responsible for in terms of home and community care, where we play a positive role in underpinning the respite needs of people in our community.

**Mr FORWOOD** — Can you indicate to the committee when you think the government will make a decision on whether or not it will accept the federal government's offer?

**Mr JENNINGS** — No. It was probably implied in my original answer that I am not absolutely certain of the capacity within the disability budget to make that matching component or the time frame in which my colleague may be considering it. But I am very happy, as I am on many issues, to work collaboratively with my colleagues to try to find the best result for Victoria, because, as you would know, I am acutely interested in commonwealth money coming to the state of Victoria.

**The CHAIR** — In terms of commonwealth money coming to the state of Victoria, I note it has allocated \$600 for carers, but according to people in my electorate if you happen to be in receipt of an aged care pension you are ineligible to receive it. I have written to the minister in this regard. Have you done any costings on that? Maybe it just does not want to pay people in my electorate, but people are coming to me and being told they will not receive that \$600 because they happen to receive an aged care pension. Have you done any work on that, and have you had reports on this?

**Mr JENNINGS** — No. Obviously my constituents have been less compelled to contact their local member than yours. I will have to explore that issue.

**The CHAIR** — Thank you.

**Mr MERLINO** — Minister, in your presentation you raised as a highlight of the last 12 months the legislative reform for supported residential services. Could you outline to the committee which output group supported residential services relates to and what the government is doing to improve standards of care in the industry?

**Mr JENNINGS** — Thank you, Mr Merlino, for the opportunity to make the committee aware that this has been a very good year in terms of turning around what has been a chronic problem in supported residential services. When we came to government we recognised that this sector was doing it particularly hard and was in decline. There were many supported residential services closing and leaving the sector, which left many of their residents, who are quite often aged frail people, people with disabilities, people with mental illness and people with acquired brain injury, extremely vulnerable. So we have endeavoured over the last couple of years to try to turn this around, and we have made some quantum strides in the last year. I referred in my presentation to the fact that we have introduced regulatory reform through the Health Services Act, which creates much clearer rights and opportunities for residents of these services and imposes very clear obligations on the proprietors of the services in the future.

There is a requirement that there be a clear residential contract that involves care obligations on the proprietor and that has to be maintained; there are very tight restrictions placed on the use of and access to money of residents; and it is important for the committee to understand that whilst it is a far more rigorous legislative regulatory framework and that clearly we will administer that with vigour, we also understand how important it is to provide for the capacity of the sector to deal with these issues. We are spending time and effort with proprietors and their staff in training opportunities, and that is very much a feature of what we are trying to do. We are not necessarily trying to drive people out of business. Yes, we will regulate to try to make sure there is enhanced capacity, and we have done that through providing home and community care services that support otherwise homeless people who end up in these facilities.

This year we have added to that by what I have described as packaged care. I have obtained a source of funding across the human services portfolio through mental health, through disability and through HACC, where we have pooled resources and are going to have a pilot run-out of packaged care that addresses the care needs of individual residents. We are doing that not only to improve the quality of life for the residents but to see what an injection of effective resource allocation will do to the financial viability of these services. We are not providing it directly to the proprietor but are going through not-for-profit providers who will act as brokers who deliver services into those facilities. We anticipate that the proprietors and the existing staff who currently do not have the expertise or skills to address the care needs of their residents will have time and effort liberated through this injection of packaged care to add to their skill base and capacities and will not spend a lot of time on things that do not deliver quality outcomes for residents. We are very keen to roll out that program shortly and to see its effectiveness in improving both the quality of care and the financial viability of those facilities.

**Mr MERLINO** — Just a quick supplementary. You referred to the pilot of packaged care. At the time that the legislation was introduced the government also announced \$600 000 to fund these SRS pilot projects. Are there other projects in addition to the packaged care?

**The CHAIR** — You will have to take that on notice unless you have about a 30-second answer to that. We are running short of time and that last answer went for 5 minutes. I am guessing that it sounds like it needs a fairly long answer.

**Mr JENNINGS** — I will come back to you, Mr Merlino.

**The CHAIR** — If you do not mind.

**Mr RICH-PHILLIPS** — I want to take you back to the issue of support services and in particular respite care places. According to the budget papers for 2002–03, 20 500 individuals were provided with respite services, falling slightly this year to 20 450 and there is a target of 20 450 for the future year, again a slight reduction on last year — the point being that there is no targeted increase in the availability of respite, despite the enormous demand for places. How does the government intend to manage that increasing demand for respite services given that you are keeping the targets at slightly less than what they were last year?

**Mr JENNINGS** — The Victorian government is confident that the effort is increasing in respite care, but you have drawn attention to one program. I almost gave a complete run-through in answering Mr Forwood's earlier question, but I did detail the significant investment that comes through disability services and mental health, in the order of \$41.7 million, through those programs that provide support to families and other carers for people with disabilities and mental health — and mental health issues in particular.

I did not give a detailed answer in relation to a number of different outputs in my area of responsibility which total in the order of \$64.4 million, and you have referred to one of those output groups. It is important for the committee to understand that we have a breadth of issues that range from flexible respite, 24-hour emergency service respite, in-home and out-of-home services and linking and establishing a support services network, which is part of that \$10.7 million. So in a sense we take direct responsibility for the quantum of services provided on those 20 450 occasions. However, within that funding allocation we believe that part of our effort in that output is to make better connections and linkages with other respite programs so that the cumulative effect is enhanced. But within that output group we do not necessarily count those, because in some ways they might be more appropriately measured in other output groups or they may leverage off the activities of other providers or commonwealth-funded programs.

In terms of centre-based programs, \$17.2 million is provided under the HACC output groups which provide 674 000 hours of respite — again something that is not attributed within the output measure that you outlined. Nor is the \$36.5 million that is provided in the planned activity group program, and all of us who are active members of our community recognise that they play a great role each and every day in getting older members of our community out for many hours, which provides the best part of a day's respite for their carers. We have to understand that two-thirds of clients of planned activity groups are over 70 and many of them have dementia and high-care needs, and the planned activity groups play a very important role in providing respite for their families. So I think you will understand that there are a number of outputs that relate to the issue of respite within my responsibility and within the responsibility of other ministers. Part of the output that you referred to is creating connections and better linkages and leverage of all of those programs and beyond for members of the community — far beyond the 20 000 that you have referred to.

**Mr RICH-PHILLIPS** — Just to follow up on that, putting aside the day activity respite program, you mentioned disability and mental health respite care. Is that available to people who simply need respite by virtue of ageing rather than medical condition, disability et cetera? Is it available to people who simply need respite from an aged parent, for example?

**The CHAIR** — I think you referred to dementia as well in your original question.

**Mr RICH-PHILLIPS** — No. I was purely talking about the aged scenario.

**Mr JENNINGS** — That operates through the HACC providers, and really the concrete answer you are seeking is a bit hard to give. HACC is a service that is available to people over the age of 70 who exhibit some degree of frailty and vulnerability which is sometimes not the most intensive assessment criteria that may be applied on a daily basis by the providers. It depends on their capacity and their degree of compassion and a recognition of the needs of the person whose carers need that respite. It is not an absolutely hard and fast rule about the level of disability that may rope people in and out of the scheme.

**The CHAIR** — By way of follow up, you talked about planned activity groups for respite. To my knowledge most of them operate on a fairly constrained time frame which probably best meets the needs of the frail aged person. Has any consideration been given in the mix you are developing to extending the time of those planned activity groups which would allow the carer to have longer respite and try and marry in the needs of the frail aged person with those of the carer? Quite frankly, if you get into a day activity group often the aged carers

just have time to get a cup of coffee, have a shower and perhaps tidy up the place if they have to get out themselves; they do not have very many hours break.

**Mr JENNINGS** — I appreciate the understanding of the Public Accounts and Estimates Committee of the needs of carers and the need for us to continually seek innovation in order to be flexible in the way we deliver those services. This is actually something we try to cultivate through all of the home and community care programs: we try to promote flexibility and responsiveness, and it will be a feature of what we try to achieve. It always depends on the capacity of the providers and available space, but I can give the committee an undertaking that we are certainly always looking for innovation to meet those flexibility needs.

**Mr DONNELLAN** — In your presentation you highlighted how Victoria continues to be disadvantaged in commonwealth expenditure relative to other states. In this year's federal budget the federal government announced an increase in the funding package for aged care, which I think included some extra beds as well. What is your assessment of the likely impact on Victoria's aged care industry of this additional funding?

**Mr JENNINGS** — This is a strange phenomenon where the headline number in the commonwealth government was very big — \$2.2 billion — for aged care. I have found myself in an unusual situation of having immediate concerns about the effectiveness and appropriateness of the way in which this allocation had been announced during the budget and in fact its effect on the long-term sustainability of residential aged care in Victoria and indeed across the nation. I will give the committee a prime example of that. In the commonwealth budget papers it is clearly acknowledged that the aged care sector right across Australia in the next 10-year time frame requires \$10 billion of capital investment, which is a significant investment. The Public Accounts and Estimates Committee has asked me today about the investment of the Victorian government, which is significant, but it is relatively modest across the needs of the industry across the nation.

What did the commonwealth do in trying to structurally, within its budget or its programs, address this \$10 billion? Did it say, 'We will provide for a recurrent, ongoing subsidy stream that actually underpins that need.'? No, it did not. Did it say, 'We will allocate a pooled resource that providers can gain access to on a low-interest loan basis or be able to provide leverage with further capital to underpin the necessary investment over a period of time.'? No, it did not. It allocated \$513 million, which was announced in the second week in May, to be dispensed by 30 June in this year. So the great opportunity that was available for what is a significant amount of money in terms of that leverage and that ongoing sustainability of trying to underpin the industry in the years to come was not taken up by the commonwealth government.

The commonwealth government chose to dispense that \$513 million in the quickest way possible to clear coffers — people might be slightly cynical — in preparation for a federal election. If you were just a little bit politically cynical you might suggest that was its primary motivation, because the commonwealth government dispensed that money on the basis of \$3500 per bed to any provider across the nation. Whether it is a pristine, new facility totally cashed up and paid off or whether it is an agency that is struggling and can barely make ends meet, the same payment regime will apply. There is no strategic targeting of that level of investment. That is a major problem with what is a very significant amount of money that was available to the commonwealth government. The other difficulty we have is the chronic problem of making sure there is a matching of the allocation of bed licences and their take-up rate. The capital issue is one of the reasons that is not happening. The appropriate allocation for access to capital continues to be a problem. In fact we have spent a lot of time trying to get the commonwealth government into a constructive mind-set about sustainable access to capital as being a long-term answer. The benchmarks that were altered in the commonwealth budget see a reduction in the low-care component in years to come. That is not something that the Victorian government is necessarily opposed to, because in fact it thought there should have been a higher emphasis on the high-care allocation, but in fact the announcement did not include a change in the high-care allocation.

Early on in my presentation I outlined to the committee how we are falling behind and are well behind in relation to the allocation of high care. We would be most alarmed if that trend were maintained. The commonwealth's allocation is where we see a greater degree of need in future. The commonwealth government has said it will allocate in the order of 6000 bed places to the state of Victoria in the next three years, which sounds good. In fact that will be good, and we will welcome them if and when they arrive. But in fact that is, on average, nothing more than what we have received in the past three allocations. Indeed, that will not in itself do anything to help us catch up. The cumulative effects of those issues remain a profound concern to the Victorian government, notwithstanding that headline figure, which looked fairly impressive on budget day.

**The CHAIR** — In the interests of time, could you take the following question on notice? In your overhead presentation you talked about the commonwealth benchmarks. On my calculations at this point Victoria is just under 1000 short of places in high care and you are looking at around 1500 places in low care. Could the department do the figures on what it is costing this state where those citizens are in state public hospitals awaiting nursing home placements? I know it is not just in your portfolio, but the Department of Human Services should be able to provide that figure to the committee. I ask you to take that on notice.

**Mr CLARK** — I want to come back to your responsibilities, Minister, following your gratuitous attack on other people's responsibilities.

**Mr MERLINO** — A well-deserved attack.

**Mr CLARK** — When you gave the committee an assurance previously regarding the government's intentions for aged care facilities, you were very careful in saying that your guarantee of there being no closures was only no closures due to failure to invest sufficiently to meet accreditation standards. When you look at page 78 of budget paper 3 and also page 82 on small rural services aged care, you will see that the number of bed days in high-care places expected to be provided in 2004–05 is lower than the number provided in 2003–04, and similarly the number of service delivery aged care units for 2004–05 is expected to be lower than in 2003–04, even adding in the figures for the small rural services aged care. Can you tell the committee why there seems to be this fall in the provision of both of those items of service; and can you tell the committee overall what the government's intentions are and whether you have any plans to close or reduce the number of higher care a beds or the number of residential facilities?

**Mr JENNINGS** — There is a threshold question. I answer questions that are asked of me; I listen to the question, and I give an answer to the question that is asked in a way that can give you confidence that it will be delivered, so that is why it has been answered that way. It was specifically an answer to a question I was asked in Parliament, and I have answered it in the same way today. In terms of your question about the scope and size of the facilities that are provided throughout the breadth of Victoria, the size and scope of the services that are currently provided will be maintained by the Victorian government. It is our intention to maintain that degree of effort right across residential aged care in the outgoing years. You will note, Mr Clark, that in your question you have crossed over from outputs that are currently within the residential aged care component to the small regional services output. The cumulative effect of that effort will be almost identical — there may be some slight modifications — and in fact there is no intention for there to be a serious erosion of the outputs. If you do the maths — last year was asked about the maths to do with the number of people in care and how many bed days there were — you actually discover that all those 3500 high-care beds across Victoria are full almost all the time in those services, whether they are in the aged care residential output group or in the small regional services output group. You have to acknowledge that in fact — —

**Mr FORWOOD** — Not if you do the maths.

**Mr JENNINGS** — Yes.

**Mr CLARK** — The actual figure is 1.267 million high-care bed days this year and 1.260 million targeted for next year.

**Mr JENNINGS** — You will notice that last year's target was 1.250 million, which we exceeded — we exceeded our expected outcome — and this year the cumulative effect is 1.26 million.

**Mr FORWOOD** — On the aged care service delivery units it is dropping from 980 700 down to 948 000, so there are 32 000 fewer units.

**Mr CLARK** — That is combining the figure from small rural services aged care and the aged residential care figures.

**Mr JENNINGS** — We have spent a lot of time during the committee hearing this morning talking about redevelopments, and there is a huge capital program currently under way. In fact the consequence of the redevelopments is that some beds are temporarily closed during those redevelopments, and that is what you can attribute to that very, very modest reduction in the cumulative effect of those two projects.

**The CHAIR** — I am glad you are not making people stay through in their beds while things are being upgraded around them.

**Mr FORWOOD** — You are not seriously saying that 32 000 units is minute, are you?

**The CHAIR** — Thank you, Minister — —

**Mr FORWOOD** — He does not need your help; he is prepared to answer the question.

**The CHAIR** — He has already answered the question. He said he actually makes sure that people are not in beds while the redevelopment is going on around them.

**Mr FORWOOD** — That is ridiculous.

**Mr CLARK** — And a reduction of services of about 3 per cent in the process.

**Mr JENNINGS** — Let me just answer it.

**The CHAIR** — All right, Minister, if you wish you might like to expand upon how you managed to achieve this.

**Mr JENNINGS** — Mr Forwood, do not worry about the budget papers, worry about the issue. What the issue is — —

**Mr FORWOOD** — Don't tell me what to worry about!

**Mr JENNINGS** — I have indicated to you that we have talked at great length today about redevelopment. How many beds are there? There are 3500. What is the reduction? It is 32 000. What does that mean? It means that within a year there will be 10 days on average not available to a bed. If you were running a system that in fact just saw people as inputs and outputs and actually whether or not the bed was full, what we are actually saying is that there could be 10 days lost. It could be through lack of administrative efficiency that you lose 10 days. That is not what it is happening. The reason why we are losing 10 days per bed is on the basis of the major capital investment and infrastructure program, which we have spent a lot of time talking about in the committee and which I am and very proud of.

**The CHAIR** — Thank you, Minister. That concludes consideration of the budget estimates for the portfolios of Aboriginal affairs and aged care. I thank the minister and the department, and I appreciate Hansard. I also put on record — —

**Mr FORWOOD** — That is an extraordinary answer. It is 10 days on average per bed.

**Mr JENNINGS** — As I said, it is being redeveloped.

**Mr FORWOOD** — You ought to be fired for that.

**Mr JENNINGS** — What?

**Mr FORWOOD** — If you are that incompetent, you should be fired!

**The CHAIR** — Mr Forwood, if you do not mind, the hearing has concluded.

**Mr FORWOOD** — We are still sparring across the table.

**The CHAIR** — You are welcome to visit my house to look at what it is like when upgrades are going on, and if you want to live in the middle of that sort of disruption, that is your choice. I thank the minister and the departmental officers here. There will be correspondence going to you for the department to follow up on questions you have taken on notice as well as some questions that the committee will be forwarding.

**Witnesses withdrew.**