

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 9 May 2014

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Witnesses

Mr D. Davis, Minister for Ageing,

Dr P. Philip, Secretary,

Mr L. Wallace, Deputy Secretary, Corporate Services Division,

Ms J. Herington, Director, Ageing and Aged Care Branch, Mental Health, Wellbeing and Ageing Division, and

Professor C. Brook, Chief Advisor on Innovation, Safety and Quality, Department of Health.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — We will continue this hearing with the Honourable David Davis. Welcome back, Minister, Dr Pradeep Philip and Mr Lance Wallace. We welcome from the Department of Health the Director, Ageing and Aged Care Branch, Mental Health, Wellbeing and Ageing Division, Ms Jane Herington, PSM, and welcome back again Professor Brook as well. The minister now has the opportunity for a 5-minute presentation.

Overheads shown.

Mr DAVIS — I am very pleased to present a presentation on the commonwealth and state challenges with respect to aged care and more broadly about the opportunities in terms of ageing and seniors. You can see on the chart there I will start with some of the key aspects. The commonwealth is the regulatory and primary funder of residential aged-care services. Major changes to the aged-care system will mean a number of impacts on our services. The government has supported aged-care services in the face of these changes. We are particularly proud this year that Boort Hospital will be redeveloped. This is a significant funding commitment, a funding commitment that sees new capacity built, new acute beds and primary care services but also around 25 aged-care beds as well. That is an overall investment since coming to office of more than \$90 million in additional services in that area.

I can also point to the cost of living pressures that are significant for older Victorians. The number of older Victorians is growing. The government very much recognises the cost of living pressures that are faced by older Victorians, senior Victorians. There is obviously significant benefit in having them live in their homes longer and able to contribute and participate in community activity to the fullest degree. There is a number of programs that are in place to support older Victorians through managing cost of living pressures, principally the increasing of the 17.5 per cent electricity concession to all year round — helping more than 800 000 households statewide; providing support and tools to manage household costs; a range of other concessions, including the recent fire services property levy concession, the seniors myki that caps the costs for daily travel and there is also free weekend travel on public transport. We very much recognise the cost of living pressures on seniors.

I can indicate too the government has appointed a seniors commissioner, Gerard Mansour. He is very well known in the sector and widely respected. He chairs the Ministerial Advisory Committee for Senior Victorians and is working hard on the production of a seniors participation action plan across the whole of government. This is an important mechanism to communicate with seniors, and there are a number of people on that committee who I think have made very significant contributions. I can record in this forum the work that Gerard Mansour has done and my appreciation of that work. I think nothing shows that more clearly than the wise and sensible advice he provided during the recent heatwave. The state obviously has a heatwave plan, which was promulgated in 2011 from memory, but when the heatwave was on Gerard was very active in assisting to get the message to seniors about how we manage the heat. We had that series of very hot days, and it was a very significant challenge to communicate that. That was done via public statements. It was done via advertisements. It was done via statements, for example, by the seniors commissioner and emailing those who have seniors cards, getting significant messages to them and their families.

The participation of older Victorians in the community and the activities of government to support it include the Seniors Festival, Seniors Online, the University of the Third Age support, Life Activities Clubs support and the very important Seniors Card. There is a significant number of projects implemented across the state for improving livability for older people, to assist small towns with ageing populations in regional Victoria, building local government and community capacity significantly to increase the quality of life, the participation of older people and their health and wellbeing. There is also significant participation through the CALD seniors program, and that has been a very significant program of social inclusion, ensuring that those from CALD communities are able to participate strongly in a significant range of community events. There are many community groups and this often has been a significant addition to their capacity.

The government is also boosting support in country Victoria for public sector residential aged care. I have mentioned the announcement of Boort, and that is \$14 million which includes 25 aged-care beds; a number of targeted aged care upgrades; and more support also provided through the Rural Capital Support Fund, an acute health capital program but also providing support to some aged-care services. Some of the targeting of that money is meant to leverage new commonwealth support that is available where there are upgrades of services and physical upgrades that bring services into a more modern parameter. Other aged-care groups or other health services that have significant aged-care components, if I could put it that way, are Kerang and Charlton. All of those are very important services.

The budget provides additional HACC funding, lifting HACC support. I could say that the longstanding issue of inadequate support for Meals on Wheels has been addressed in this budget for the first time with a significant lift in the funding per meal to try to make that sustainable, and HACC growth funds as well. These are all important points.

There is one important point to understand here, and that is the agreement through the NDIS steps and others to transition certain services for those aged 65 and over to the commonwealth. That is due to happen on 1 July 2015. Victoria of course has a unique system, a system that plays a very important role, particularly the HACC services that the Victorian government and local government have provided for a long period. Clause 15 of the heads of agreement between the commonwealth and the Victorian government points to — —

The CHAIR — The Deputy Chair, on a point of order.

Mr PAKULA — Chair, you said quite clearly at the start that it was to be a 5-minute presentation. I am wondering if perhaps the minister could provide some of this detail by way of a Dorothy, as he has previously.

Mr DAVIS — I think I am on the last slide if I can put it that way — literally.

The CHAIR — Okay. Thank you.

Mr DAVIS — I intend to read this important clause because I think it is of some interest to all committee members.

... the commonwealth and Victoria will work together to retain the benefits of Victoria's current home and community care service system.

We do intend to do that, and I suspect, Chair, that that is a bipartisan position in fact — that we would want to retain that unique aspects of Victoria's home and community care system.

The CHAIR — Thank you, Minister. We have until 5 o'clock for questions, and I will lead off with a slightly different flavour this time. I note in the budget papers that some 95 per cent of eligible persons take up a Seniors Card, and I am just wondering what the government is doing in terms of encouraging older Victorians to keep participating and engaged with the balance of the community.

Mr DAVIS — The government takes this aspect of the portfolio very seriously, understanding the economic and social significance of increased participation by seniors. Certainly Victorians are living longer and healthier lives than ever before. The seniors population is increasing and will continue to increase into the future. We need to take action to ensure that seniors can live what are independent, active and healthy lives by promoting opportunities for community participation.

As I have said, we have appointed Gerard Mansour as the first commissioner for senior Victorians. I think he is doing an absolutely sterling job, and I think he is a very firm advocate for seniors. The appointment was a key commitment of the Victorian coalition government in response to the parliamentary inquiry into opportunities for participation of Victorian seniors. As I said, Mr Mansour is a very respected and passionate advocate for the needs of older people. In 2012 he became the inaugural national CEO of Leading Age Services Australia, the peak body nationally, and prior to that he was CEO of Aged and Community Care Victoria for six years. He chairs the ministerial advisory committee, which draws on local community members but also those who are expert in this area, and they are developing an important action plan which will help support seniors more broadly. I am looking forward to that plan. I see the importance of understanding how we support seniors both in housing, mature-age workforce participation, CALD and Indigenous seniors, transport and community engagement — all of these are critical aspects that we need to engage with, and the government is doing that and is very focused.

The seniors festival each year is a very successful festival that has been built over three decades, and we are proud to continue the strong support for that festival, which is going from strength to strength. The free travel for seniors during that 8-day period includes metropolitan trams, buses and trains — regional bus services, V/Line rail and coach services for five days as well. The seniors festival this year gone, 2013, saw 1640 events. More than 140 000 older Victorians and their friends and families attended those. There is certainly strong support for the Seniors Card and related matters from the corporate sector, and we welcome that support. The

focus through that week on Senior of the Year and recognition of the contribution of seniors is also incredibly important.

One new area that we are putting a lot of effort into is Seniors Online. This website for older Victorians was launched in August 2011. It has strong visitation — almost 2 million unique visitors annually. It is a wonderful example of how the government is working to provide information to older Victorians. It has been tested and is informed by a Seniors Online reference group. It, I think, is going to play an increasingly important part as a resource for older Victorians, and we will certainly be doing much more in that capacity.

Mr PAKULA — Minister, during your presentation you went to the matter of residential aged care in a couple of places, both talking about the national residential aged care and then the government's support for public sector residential aged care. We had you before this committee in 2011 and you were asked at the time to rule out the sale, outsourcing or privatisation of any existing publicly funded residential aged care service or facility. At the time you said:

We have absolutely no proposal or focus on doing that.

...

We have not even considered it as an approach at all; we have not.

Then we had the 2012–13 budget update where you had \$75 million worth of savings, to use a non-pejorative term, under the growing non-government provision of aged-care beds — 25 million in 14–15 and 50 million in 15–16. Since that foreshadowed cut we have had the closure of Reg Geary House in Melton back in February and the Weighbridge residential aged-care facility in Flemington is scheduled to close in June. How many beds in all will be lost and at which facilities as a result of those aged-care cuts in 14–15 and the extra \$50 million being taken out in 15–16?

Mr DAVIS — What is important to understand is that the government does have a very strong commitment to residential aged care, especially in country Victoria where it plays an important linchpin role in many health services. The example of Boort that we have just talked about is a good one where there is a primary care, an acute care and an aged-care component. Renewing that service will strengthen aged care, strengthen primary care and strengthen acute care in that community into the future. This is a very important model that we are focused on delivering.

What I can say is that the number of beds has certainly increased over the period of this government, going from 47 291 in June 2010 to 48 759 by 30 June 2013, so there has actually been an increase in beds. But what it is important to understand is that the model of service delivery in aged care is changing. Increasingly, despite the overall population of older Victorians increasing, the successful provision of services at home means that people are moving to residential aged care at a later point. I do not always agree with measures that the commonwealth is taking, but the recent direction of commonwealth movement is correct to the extent that it supports home-based packages and care. As I indicated earlier, the primary funder and supporter of aged-care services is in fact the commonwealth. So you have got this long-term movement, there are modestly more beds in aggregate and — —

Mr PAKULA — On a point of order, Chair, I understand that you cannot tell the minister how to answer, but customarily in PAEC, unlike question time, ministers at least try to provide an answer which is somewhat approximate to the question that has just been asked. My question was about the loss of public sector aged-care beds as a consequence of the \$75 million reduction in funding; it was not an invitation to the minister to just range across the issue of aged-care beds. It would be nice if the minister made an effort to at least come close to answering the actual question that was asked of him.

The CHAIR — You are right, I cannot direct the minister how to answer the question.

Mr PAKULA — Well, maybe it was for the benefit of the minister, if he would be so kind.

The CHAIR — You are also aware that you should not use points of order to re-ask the question.

Mr PAKULA — I have not re-asked the question. I cannot explain the point of order without telling you what it is about.

Mr DAVIS — Chair, as you understand, my answers are very apposite to the question. I understand the importance of residential aged care, including public sector residential aged care. The government is always prepared to look at proposals that come from health services and aged-care services around the state. We are prepared to look at those fairly and see what is in the interests of communities. In the case of Boort, it is clearly in the interests of the community that the allocation of \$14 million be made and that the \$14 million service be put in place. As I say, these are not distinct from the other aspects of services that are provided.

The government completely and utterly understands that, and as I was trying to explain, one of the things we have done in recent days in particular is make announcements about support for a number of public sector residential aged-care services to enable them to undertake capital upgrades to achieve higher commonwealth payments. We are making them more sustainable by applying targeted amounts of capital that will make them more sustainable into the future. This is an important focus, understanding that we do not control the commonwealth changes. The commonwealth is the dominant funder and regulator of aged care. The state, particularly in country Victoria, has a number of key interests in making sure that we have a strong sector that works in unison with the other parts of our system, and that is what we are seeking to do.

Mr PAKULA — This is a very simple supplementary; it is not an invitation for you to spend 15 minutes on it. Would you seek to dispute my assertion that since your government took office something in the range of 410 public sector residential aged-care beds have been lost? Would you dispute that?

Mr DAVIS — Let me be very clear here. Over a long period there have been changes in aged-care provision statewide, but particularly in metropolitan Melbourne and in big regional centres. Under the previous government there was the loss or removal of many beds in places like Ballarat, and that was entirely appropriate and supported by local communities. It was the provision of replacement services in a number of contexts. Recently bed licences were sold in Ballarat that related to closures that occurred under the previous government. I am giving that by way of an example. What we have to do is recognise that the needs are changing, that service patterns change and that the government needs to respond.

As I say, the commonwealth government is the dominant funder and the regulator of aged care. The state has legitimate interests because, if we do not have sufficient aged-care capacity in the community, we will end up with more people who are unable to get places stuck in our hospitals. We have got a clear incentive to make sure that there is sufficient aged-care capacity. In relation to those country services, we have a very strong interest in making sure that in each town there is an integrated service and that it is sustainable and able to deliver the primary care, the acute care, the urgent care in some cases and the aged-care component, and the Boort model is a good one.

In places like Swan Hill, in a previous budget we committed \$18 million to rebuild the aged-care facility in Swan Hill. From time to time governments will accept proposals that come from health services or agencies and say, 'Look, we understand what you're seeking to do. The service patterns have changed, you may have a capital need to upgrade services and we will respond to that'.

Mr ANGUS — Minister, I refer you to budget paper 3, page 150, and the performance measures under the 'Better Health Channel visits' item there, with the 2013–14 target of 17 000 and the 2013–14 expected outcome of 33 000 visits. I understand that the Better Health Channel contains a section with information on advance care planning titled 'Starting the conversation'. Minister, I ask you what the coalition government has done to support ageing Victorians to undertake advance care planning within the existing legal framework.

Mr DAVIS — This is an area where there is strong integration between acute and ageing services. The government has gone forward to produce a set of advance care documents to assist Victorians in advance care planning. Essentially within the current law the government is determined to see that there are maximum choices available for people to exercise what they see as their legitimate steps, whether they are in an aged-care service or in an acute service or at home. I am happy to table this document. I pay tribute to the department for the work it did. More than 80 different community groups and peak bodies have contributed to this. I am not even sure if we might not have a little clip that we could in fact play to show the advantages of advance care planning. I think this is a national leadership document.

Video shown.

Mr ONDARCHIE — Is this out in seniors clubs and things like that?

Mr DAVIS — It is increasingly out wide. It is on the Better Health Channel. It is a document that I am happy to circulate for the committee's benefit, along with the advance care planning document. This is important for seniors in particular — some who are ill, some who are not — to have the choices to exercise within the current law their rights to determine the way they wish to go forward.

Mr SCOTT — Minister, I take you to budget paper 3, page 133, which shows a cut in funding in the ageing, aged and home care line item of 1 per cent. Simply, what programs will be cut as a result?

Mr DAVIS — What I can indicate is that this again is a very conservatively cut budget position that takes into account certain unknowns about the commonwealth budget. Part of that is around HACC services, and we will look to see what is in the commonwealth budget on Tuesday. What I can say is that there are other parts of the budget that more than cover that aspect, and I have given you the example of Boort, which is funded through the acute health outputs, although 25 of the beds are actually aged-care beds in that particular service, and there are other examples around the state of that nature. But it is my understanding that, if there are certain announcements near and around the commonwealth budget, there may be some adjustment to take account of that and it may become a modest positive position. I do not know whether you want to say something, Lance.

Mr WALLACE — All I would do is refer people to budget paper 5, page 171, which will show that federal HACC funding is not assumed to increase. That is a fairly conservative assumption that was made by Treasury. I think the advice coming to the department is that that funding is likely to increase, and that would increase the output group by a considerable amount.

Mr DAVIS — I make the point that this may well see an increase, depending on what happens in the commonwealth processes.

Mr SCOTT — By way of supplementary, there is a footnote which makes reference to the impact of previously announced changes. That also relates to the answer given to question 12 in the questionnaire, which I presume is the 25 million there. While we are here — and I note Dr Philip's presence — it is hard to get a full picture of what previously announced policies have an impact when the Department of Health, for the second year running, is the only department not to adequately complete this particular question. There are a number of items there, including three that I can see, which other departments that provide information have been able to answer. The spurious claim has been put forward here today that there is a whole-of-government approach and that therefore a figure is not provided. It may be on notice, but I would expect this contempt that is shown for the committee by the department for the second year running would be rectified and that that information, which clearly is available to departments — because other departments have provided it — should be provided to the committee.

Mr DAVIS — I do not accept the characterisation in any way or any form.

Mr SCOTT — It is true; every other department has provided it.

Mr DAVIS — I do not accept the characterisation. I think with respect to the notes, the answer provided by me and Mr Wallace is direct and clear.

Mr SCOTT — I did not ask that in a supplementary, and I would expect that to be provided on notice.

Mr O'BRIEN — I refer to budget paper 3, page 146, which notes that for the first time a target will be set for the number of hits on Seniors Online cost-saving information pages. I ask you, Minister, to detail what the coalition government has done to ease cost of living pressures for Victorian seniors.

Mr DAVIS — I thank the member for his question. I note the importance of that, and I think you can see the new measure that has been indicated there. This will be a focus on cost-saving information which is being increased significantly in terms of the state government's focus on supporting seniors through this mechanism. The concessions that are provided will be outlined. We have certainly already eased the cost of living pressures on Victoria by the provision of all-year-round electricity reductions of 17.5 per cent. This impacts on about 800 000 households. The municipal rates and water and sewerage concession is significant. There are also the property owners who receive local rates concessions and the \$50 fire services property levy concession. Stamp duty concessions are also new under this government, available for eligible self-funded retirees entitled to commonwealth seniors health card. These are significant and support seniors.

Ambulance membership, which we talked about earlier, has also been halved for Victorian families and seniors. The Victorian government seniors program will give Victorians access to a wide range of discounts, including public transport concessions. I can say that there are 968 500 Seniors Card holders, and 93 per cent of new Seniors Card holders request a seniors myki, which enables them to travel at reduced cost.

There is also a document we have produced, which is *Savvy Savings for Seniors*, which provides additional information for older people to reduce living expenses in and out of home. This includes tips for reduced living expenses, such as savings on water, shopping, travel and getting out and about, and details of Victorian government concessions. The publication was sent to more than 690 Seniors Card households and is available on Seniors Online. We are providing this information in an accessible way, and the government is prepared to be measured by a target here and will drive the presence of those Seniors Online cost-saving information pages. I think there will be a lot of seniors who are very interested in this, and that is certainly the initial interest that has been shown.

The CHAIR — Thank you, Minister. That concludes the hearing for the ageing portfolio. I thank the minister, the secretary and departmental staff. The hearing is now closed.

Committee adjourned.