

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 14 May 2013

#### Members

Mr N. Angus  
Ms J. Hennessy  
Mr D. Morris  
Mr D. O'Brien

Mr C. Ondarchie  
Mr M. Pakula  
Mr R. Scott

Chair: Mr D. Morris  
Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr D. Davis, Minister for Ageing,

Dr P. Philip, Secretary,

Ms J. Herington, Director, Aged Care, Wellbeing, Integrated Care and Ageing,

Mr L. Wallace, Executive Director, Finance and Corporate Service, and

Mr P. Fitzgerald, Executive Director, Strategy and Policy, Department of Health.

**The CHAIR** — I declare the hearing resumed. For the ageing portfolio I welcome the addition to the table of Ms Jane Herington, Director of Aged Care, Wellbeing, Integrated Care and Ageing, from the Department of Health. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the estimates for the ageing portfolio.

**Overheads shown.**

**Mr DAVIS** — We are back again for round 2. The ageing portfolio is a very important one. We have an ageing population. The state is responsible for management of revenue in a challenging fiscal environment. We obviously have an environment with commonwealth reform, and I use ‘commonwealth reform’ loosely in this context. We have some key budget initiatives. There is further HACC money, additional money for Personal Alert Victoria and I note the support for the Fire Services Property Levy for concession card holders, which I think is important for many seniors. There is also the government’s response to the parliamentary inquiry into opportunities for the participation of seniors, and initiatives leading to greater information for senior Victorians, about which announcements will be made shortly.

The commonwealth initiatives in this area — the Living Longer Living Better changes that are being implemented — the Victorian government has had some input into those through submissions. I have consulted widely with the sector, and there are a number of key concerns, and I will come back to those in due course. The 13–14 budget for the portfolio is \$1.427 billion, and that is spread across ageing, aged and home care, and small rural services. The government is responding to demand and is trying to meet those demands. We have said that we will appoint a non-statutory commissioner for senior Victorians, and that will not be too far away, and there will be a further strengthening of participation in that area through a ministerial advisory committee. There will also be some workforce participation research undertaken. I thank the parliamentary committee for its contribution in that area.

Funding for the University of the Third Age is an important component here. There are around 99 U3As and a significant number — 11 — new U3As since 2010; 12 per cent growth in membership; and 27 860 members. There is additional support for U3As; we support them very strongly. They provide what are key steps in that area.

In terms of capital projects, Kerang District Health, Charlton hospital and Swan Hill District Health are all important components. The Swan Hill example — 18 million over four years for a new 45-bed residential aged-care service to be built in Swan Hill on land owned by the health service. — this complements some other developments with state and commonwealth money. Charlton hospital is being reconstructed, as we heard earlier, and that hospital will have an aged-care component, which is important in the context of making sure there is the right level of support in that town.

Home and community care, as people will know, is a joint state and commonwealth program. It is an important program and certainly provides very good support for those in our community. The government strongly supports the contribution made by HACC.

There are a number of other commitments that are under way. The participation for CALD seniors has been very well received. Many small CALD groups — culturally and linguistically diverse — have not had support for their seniors in the past. I think this is very worthwhile — as a number of the established multicultural communities age there is significant support for those CALD seniors.

Kerang District Health is a significant support for the nursing home. Ballarat District Nursing and Health-Care — the \$1.8 million election commitment is delivered there. There is retention of surplus land at Geelong, which is largely for the Croatian community, but as a broader provider. They are seeking bed licences to match the state government’s contribution. Electricity concessions have been very important — all-year-round concessions — for those on concessions, and we are certainly very proud of those concessions.

**The CHAIR** — Thank you, Minister, for that presentation. I will pass, and I will ask Mr Angus to open the batting.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 119, which outlines the government’s commitment to ageing, aged and home-care services. Can you advise the committee of any initiatives to increase the bandwidth of Golden Days Radio?

**Mr DAVIS** — I can indicate that the member's question relates very directly to Golden Days Radio, a proven broadcaster dedicated to older Victorians. There were test broadcasts as far back as 1992, and it was granted a full-time broadcasting licence in 2001. The licence defines the station's community of interest as senior citizens and restricts it to the Waverley licence area plan. Golden Days Radio is a radio station that I am very familiar with, and I strongly support its activities. It advises that it has a significant audience, and a number of people, including some from overseas, who will from time to time listen to the radio station. The use of streaming on the internet is increasing significantly, and that is building the audience elsewhere.

In April 2013, almost 39 000 people listened online and almost 5500 first-time listeners were involved. The 85 volunteers who make the station operate are an example of the sort of participation we want to see from seniors. We have strongly supported a strengthening of the station's licence and its frequency capacity. This would give it an ability for a Melbourne-wide licence and would, I think, provide more access for people. Some people will get access on the internet, others will not, and I am a little disappointed that the Australian Communications and Media Authority has recently advised Golden Days Radio that its Melbourne-wide licence application has not been approved.

This is important for seniors. We want to see that participation advanced, and I want to take the opportunity to thank Golden Days Radio volunteers for keeping this service running. It is really done on the smell of an oily rag basically, and they do it with great aplomb. It is worthwhile, if any of the committee members are in their area, to drop in and have a look at the magnificent collections that they have of music — collections that they will play on rotation through the day. It is a little unfortunate that the commonwealth authority has not been prepared to support the strengthening of their transmission, which would enable a greater number of people to access their particular and really encouraging transmissions.

**Mr PAKULA** — Minister, I would just ask you to refer to pages 134 and 135 of budget paper 3, which are the outputs under 'Ageing, aged and home care'. The bottom of 134 talks about the funded bed days in high-care places reducing by almost 8000 as a target for 13–14, and at the top of the next page bed days in low-care places reducing by a bit over 4000 as a target for 13–14. I am just wondering if you can provide the committee with some detail about how many actual high and low-care aged-care beds are going to be shut to accommodate the drop in funded bed days.

**Mr DAVIS** — This responds to need and demand. I think over a longer period, particularly low care, the demand has been falling. This is not unique to this government. I think it is significant over a decade or more. There are a number of other choices available in some areas, and often there is alternative provision through community care that some people will obviously wish to access. The numbers given to me by the department are about 30 high care and about 39 low care but — —

**Mr PAKULA** — Beds, you mean?

**Mr DAVIS** — Yes, but I think the point to understand here is this in part responds directly to community demand and the transfer of Rosebud.

**Mr PAKULA** — I am a bit surprised, if I understand your evidence, that the demand for both high care and low-care beds is falling, if that is your evidence. I am surprised by that.

**Mr DAVIS** — Well, there is — —

**Mr PAKULA** — I will give you a chance to respond.

**Mr DAVIS** — Just to explain it, not to jump in but just to say that federally funded private care provision is expanding.

**Mr PAKULA** — Right. Okay. So can you just give some detail about which services are going to see the bed closures to reflect that 30 and 39 you talked about?

**Mr DAVIS** — One low-care ward at Castlemaine, and Rosebud, is the explanation.

**Mr O'BRIEN** — Further to your answer there, in relation to budget information paper 3, which refers to federal financial relations, can you please advise of any decisions by the commonwealth that are impacting upon aged-care services across Victoria?

**Mr DAVIS** — The committee will be aware of the commonwealth announcements about the Living Longer Living Better package. The state government is concerned that the financial underpinnings of the package do not deliver on the reforms required, and the lack of certainty about detail is causing some delay in investment and services. There is obviously a package of bills, and the federal minister has a set of views about that. Victoria made a submission to the Senate standing committee, and I am happy to make a copy of that submission available to the committee, which lays out a number of our concerns.

This, I think, is particularly a matter for country services. A number of the not-for-profits in country Victoria face some challenge under the new ACFI rules which have been introduced. Those rules put additional pressure on a number of the country services, and we are deeply aware of the potential impact. There are a few reasons why the state is interested. One is it is important for the provision of services in and of themselves. Secondly, the state is a provider of services and this affects the state's capacity to provide those services. Thirdly, I think there is a concern about any knock-on effects where a private or not-for-profit provider may not continue to provide services and there may be a fallback to the state acute system.

**Mr SCOTT** — I would also like to refer the minister to budget paper 3, page 134, and the projected decline in high-care aged-care places. I note that Kyneton District Health Service recently announced plans to close its Thomas Hogan Residential Aged Care wing, which is a 28-bed high-care wing. Minister, can you outline why Kyneton district health is about to lose its high-care beds?

**Mr DAVIS** — The Kyneton decision is a decision that Kyneton has made. There is increased supply of private services funded by the commonwealth that have come in to that particular region. I know that the occupancy had been falling over a longer period. The presence of alternate providers and alternate service has meant that a number of residents were seeking to avail themselves of that, and others who may well have previously come into Kyneton have actually taken the decision to move to that particular private provider. So most of the residents, as I understand, are moving to that private provider, and as I understand it there is a high level of agreement in that process. But a decision has been made, as you outlined, by the Kyneton District Health Service to make that step. It is also, I think, important to note that there are redundancy and redeployment arrangements that have been put in place at the service.

**Mr SCOTT** — By way of a quick supplementary, if I understood you correctly, you said 'most' were moving to one of the private providers. Can you give us a figure on how many are transferring?

**Mr DAVIS** — I do not want to give a figure that may be out of date, but I think there may be only two or three that may go into the acute service.

**Mr ONDARCHIE** — I want to talk to you about the University of the Third Age, U3A as it is known. I have a bit to do with the U3A in my electorate. The Darebin U3A is a wonderful organisation.

**Mr PAKULA** — Are you in it yet?

**Mr ONDARCHIE** — I have not quite qualified, Mr Pakula, but I am not far away. Whittlesea U3A is also a fantastic group, and I pay tribute to Joe Felice, the president there, who is doing a wonderful job. U3As provide avenues for older Victorians to fully participate and engage in their community. I know we rushed you through your presentation, Minister, but I would like to know a little bit more about U3A, if I could. Can you advise us of the number of U3As across the state and the sorts of activities that are being undertaken?

**Mr DAVIS** — I thank the member for his question, Chair, and indicate that there is a four-year funding agreement in place with the U3A network to support Victorian universities of the third age. U3As offer educational, recreational and social programs to older people. Each U3A is managed by volunteers and all programs are presented by volunteer tutors. They offer non-competitive learning, requiring no prerequisite qualifications; opportunities for exploration of new areas of interest; and a range of social and recreational activities.

Some members of the committee may be very familiar with U3As, but perhaps not everyone; and some may not know the background of U3As going back to the late 1980s in France and the decision of a number of people to set up collectives or self-help groups in terms of running their own educational institution, not being beholden to anyone and not requiring funding from additional sources. For a long time U3As were very jealous about their independence, and they still are, and I commend that.

The funding through the U3A network provides some additional support, and it is support that I know makes a difference. We have seen significant growth in the U3A numbers. The funding agreement of \$300 000 per year to U3As, as I say, funds their development of new programs, assists with establishment works, supports the activities of the U3A Network Victoria — that is employment of a part-time development officer who works with groups interested in establishing a U3A in their area.

There are over 99 U3As operating in Victoria, and that is by far the most of any state or territory. Over the period of the funding agreement 11 new U3As have been established. Membership is nearly 28 000; it grew at 12 per cent in the recent two-year period. In October 2013 Victoria will host the Asia-Pacific international conference, and I think that will be a good opportunity for Victoria to showcase its strong support of U3As and the very significant contribution that they make. I know, Chair, that you have strong U3A activity on the peninsula.

**The CHAIR** — We certainly do.

**Mr DAVIS** — I can speak about that from personal experience, since my family are involved in those U3As on the peninsula. I know that they are fantastic facilitators of activities for older Victorians. They enable people to pursue their interests and to teach others in a genuine and very positive exchange to ensure that we get outcomes for the community that are really quite fantastic.

**Ms HENNESSY** — Minister, just by way of reference to budget paper 3, pages 134 and 135, you would be aware that on 28 August 2012 the *Australian* reported that the Vertigan report that the government had commissioned recommended that the state government quit the aged-care sector entirely. Have you read the Vertigan report, and will you rule out the sale, outsourcing or privatisation of any publicly funded residential aged-care services or facilities?

**Mr DAVIS** — I think I am going to follow a well-worn pattern here. No, I have not read the Vertigan report. I think it is a document that was prepared at one point. There is a different Premier in place. I have no immediate intention to read it, although I am sure it is of some excitement for some who would read it.

**Ms HENNESSY** — Can you rule out the privatisation, outsourcing or sale of any existing publicly funded residential aged-care service or facility?

**Mr DAVIS** — Services make their own decisions, so the example that was referred to again down the — —

**Ms HENNESSY** — But not at your behest — you would not be putting pressure services to do that?

**Members interjecting.**

**The CHAIR** — Order!

**Mr DAVIS** — Just let me answer this and step through this. There are a number of threats on the horizon. I will talk about those in a minute, but essentially a number of options are there for services, and the Kyneton example is a legitimate point. They have made a decision there. In the case of the Chair's area, Peninsula Health made a decision to move its aged-care services to a not-for-profit provider.

**Ms HENNESSY** — And the position of your department?

**Mr DAVIS** — I did not oppose that decision. It was the decision of Peninsula Health. I mean, you can ask the Chair what he thinks about it in terms of his local electorate.

**Members interjecting.**

**The CHAIR** — Order!

**Mr DAVIS** — Let me come to points on the horizon in a minute. I am just trying to make a clearer point.

**The CHAIR** — Order! Let me make it clear: Ms Hennessy has asked her supplementary question. I ask the minister to respond to the committee.

**Mr DAVIS** — The model that operated in the case of Peninsula Health was where the service made the decision that it was in the best interests of the service but also in the interests of the residents to work in collaboration. They did an expression of interest and a not-for-profit took over — I think Southern Cross is the one — with significant guarantees provided. I do not know, the Chairman will speak about the local view on that, but my information is on all accounts that this has been a successful step that has worked in the interests of the residents and Peninsula Health. So I am not saying that we will never allow this to happen or would oppose it or anything like that.

**Ms HENNESSY** — But not promote it.

**Mr DAVIS** — No, no. The more significant thing is the threats on the horizon from the changes in the ACFI funding formula. The commonwealth has tightened the ACFI formula. What this means is that many of the aged-care services, public and private and not-for-profit, around the state are facing significant challenges. For some of them their revenue has dried up and they are actually facing significant challenges. I have had not-for-profits from country Victoria come to me and say, ‘We’re really in deep trouble because the commonwealth formula has zeroed in’.

This is compounded by the fact that the commonwealth is seeking to link additional funding to certain industrial arrangements and EBA arrangements. Whatever you might think about that — and there might be a case for greater payments to some workers in this sector; I do not deny that for a second — the linkage between quality outcomes for residents and the commonwealth’s set of decisions is not clear. I think there is a risk — —

**Ms HENNESSY** — So you are saying it is their decision but your department would never — —

**Members interjecting.**

**The CHAIR** — Order!

**Mr DAVIS** — No, I am saying our aged-care sector is in an environment and the public, the private and the not-for-profit services, which deliver in unison across the state a set of services, are facing some significant challenges. I am putting those on the record and I am saying that some country services have come to us and said, ‘We have some problems’. Those services — not-for-profits, in large measure — face real challenges.

There is also a challenge in the longer run with some uncertainty around the package as to building future capacity, so this is an area of growth. Particularly the large privates that are seeking to borrow money and build capacity, they are facing some significant challenges. I am just putting on the record the environment where we face some challenges.

**The CHAIR** — Thank you, Minister. I am sure all committee members will be disappointed to learn that that concludes the consideration of the budget estimates for the ageing portfolio. I do thank the minister and his departmental officers for their attendance today. Where questions were taken on notice — and I think there were four or five, depending on the interpretation, in the health portfolio and an offer of further information as well — we do ask that that be provided within 21 days in order to facilitate a timely response from the committee to the Parliament. We will in any case write to you regarding that matter. That concludes the hearing. All broadcasting and recording equipment should now be turned off.

**Witnesses withdrew.**