



8 September 2023

A new model for regulating Aged Care: Details of the proposed new model – Consultation Paper 2

Submission to Department of Health and Aged Care

1. Introduction

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to provide additional comment in response to Consultation Paper 2 on A new model for regulating Aged Care: Details of the proposed new model.

The BCCM is the national cross-sector peak body representing the co-operative and mutual enterprise movement. Eight in 10 people and more than 160,000 businesses are members of at least one co-op or mutual in Australia.

The BCCM previously responded to Consultation Paper 2 on 23 June 2023 (**Attachment 1**).

Additional information was also provided via a briefing note to the Department of Health and Aged Care (DHAC) on 25 August 2023 containing information and assurances that co-operatives registered under the Co-operatives National Law (CNL) have effective governance to provide safe and quality care (**Attachment 2**).

Enabled by funding from the Australian Government through the DHAC, BCCM is currently implementing the [Care Together Program](#), Australia's first co-operative and mutual enterprises (CME) support program in social care. This is a \$7 million program over 2.5 years which runs until 30 June 2025. The program has a specific focus on supporting the development of innovative co-operative models in social care delivery, particularly in thin markets with a focus on regional, rural, and remote communities, where current models of ownership are not working. Care Together is operating as a cross sector place-based program where social care is broadly defined to include aged care, disability support, Veteran's care, Aboriginal community-controlled health organisations (ACCHOs), allied health and primary health with a focus on multi-disciplinary health and care teams.

The program will support 12 projects to develop sustainable service delivery plans through the provision of education about CMEs, expertise in co-operative development, finance, co-operative legal structures, and business model innovation. An additional project will co-design a user tested prototype for a secondary co-operative to demonstrate how co-operatives can be networked to share back office supports and value-added services including quality and safeguarding and regulatory compliance.

Care Together has been designed around a Theory of Change with the goal of providing safe, quality social care for vulnerable people provided by empowered well-trained workers in decent jobs. There are three end of program outcomes:

- Increased diversity of ownership models in social care that include more CMEs.
- Barriers that limit the adoption of CMEs in social care are removed.
- There is a shared understanding among key stakeholders about the factors that drive successful innovation in thin markets with a commitment to ongoing investment.

A multi-media communications plan, a delivery plan and a monitoring and evaluation and research plan support program implementation and reporting.

2. Supplementary information in response to Consultation Paper 2

This submission outlines progress with the Care Together program with reference to:

- Barriers for achieving sustainable cross sector place based social care in regional, rural, and remote communities, and
- Early insights about the enabling regulatory and policy environment conducive to achieving cultural change in aged care in the context of place-based cross sector social care in regional, rural, and remote communities.

2.1 Barriers for achieving sustainable cross sector place-based social care in regional, rural, and remote communities

Care Together is supported by a cross sector Program Advisory Committee (PAC) including representatives from key government agencies involved in social care and others with expertise in CMEs. A key focus of the PAC has been in monitoring the barriers arising through the program that impede the development of CMEs in social care. The main area of focus is on co-operatives which are regulated under the CNL.

The barriers are grouped into six categories:

1. Systemic barriers unique to co-operatives, as a category of provider, that limits opportunities for cross sector place-based business model innovation.
2. Capacity and capability of people in small organisations in regional, rural, and remote locations.
3. Systemic barriers that contribute to workforce attraction and retention.
4. Inconsistent regulation across care and support sectors that stifle sustainable cross sector place-based innovation.
5. The tyranny of distance and isolation for regional and remote communities.
6. Insufficient alternative housing options to residential care and for key workers.

BCCM's submission to Consultation Paper 2 on the 23 June 2023 and the supplementary information submitted on the 24 August 2023 address the systemic barriers unique to co-operatives. The absence of an enabling regulatory environment supporting the establishment and growth of co-operatives in social care hinders business model innovation. This is particularly relevant to regional, rural, and remote communities where there is a culture of co-operation and community ownership. A few illustrative examples include The Barossa Co-op (Nuriootpa, SA), Bendigo and District Aboriginal Co-operative (Bendigo, VIC) and Sweeter Banana Co-operative (Carnarvon, WA).

An important overarching principle is that co-operatives (as a distinct type of corporation in Australia) are expressly recognised in social care legislation and regulation.

Through Care Together, the BCCM continues to receive feedback from co-operatives about barriers for operating in social care. For example, since our previous submission and briefing note, co-operatives have noted potential issues such as directors' duties in charitable co-operatives (a popular model in social care) and the treatment of refundable accommodation deposits under co-operatives legislation.

The BCCM has also recently published a Discussion Paper on *Modernising Australian co-operatives regulation* and is seeking industry feedback across all sectors. While primarily focused on co-operatives

legislation, it is expected that some issues raised will be from social care sector co-ops and have implications for social care policy.

The Department of Prime Minister and Cabinet (DPM&C) is represented on the Care Together PAC. This has enabled a closer examination of the systemic barriers to the achievement of the Care Together program goal.

BCCM's submission to the National Care and Support Economy Strategy contains recommendations to support the achievement of the strategy's three goals, which are:

Goal 1: Quality Care and Support: person-centred services that recognise those accessing care and support as individuals and deliver quality outcomes.

Goal 2: Decent Jobs: secure, safe jobs with decent wages, conditions, and opportunities for career development.

Goal 3: Productive and sustainable: a care and support economy that has functioning markets, sustainable funding and generates funding gains.

BCCM's submission contained international examples of enabling regulatory and policy environments that support co-operatives in social care including evidence-based examples of how co-operatives contribute to quality and sustainable care and support. (eg. co-operatives where the members are workers and/or consumers). **(Attachment 3)**

Further discussions with the DPM&C Care and Support Economy strategy team with DHAC and BCCM highlighted opportunities for Care Together to document examples of barriers that inhibit a sustainable care and support economy. For example:

- Cultural differences between workers in different care sectors (eg. program and professional silos).
- Regulatory inconsistencies (eg. inconsistencies in program governance between aged care and disability).
- Challenges accessing placed based skills development, education and training that build career pathways, workforce capability, mobility, attraction, and retention (eg. more generalist care and support training and skills development).
- Evidence based strategies to attract and retain workers in thin markets (eg. worker co-operatives, co-operative information, education and training, key worker housing).
- Innovation trials of successful co-operative solutions like secondary co-operatives (eg. a secondary co-operative where the members could be independent unregistered workers or smaller place-based worker-co-operatives that enable consumer choice whilst managing risks associated with quality and safeguarding).

2.2 Early insights about the enabling regulatory and policy environment conducive to achieving cultural change in aged care

The new regulatory model outlined in Consultation Paper 2 includes positive changes which BCCM considers will achieve cultural change whilst also safeguarding older people receiving aged care services in Australia. Examples of these changes include

1. An intent to facilitate cultural change through a rights-based model, designed to empower older people who receive care and restore trust in the system. All providers will be expected to act

consistently with the Statement of Rights and Principles outlined in the new Act and have practices in place to ensure they do so.

One of the approved Care Together projects is sponsored by COTA Australia and will be a staged approach and trial consumer self-management of home care packages in a regional location using a co-operative business model and structure.

Another approved Care Together project is sponsored by the Summer Foundation which is a staged approach to co-designing a tenant's co-operative where younger people with high support needs pool some of their support package to enable the provision of 24/7 support without compromising where they live and with whom. The Summer Foundation's mission is to ensure no young people with a disability live in an aged residential care. The lessons learned from this project may also help to inform alternative housing and care models for older people.

This rights-based approach is consistent with how co-operatives adhere to [International Co-operative Principles and Values](#) which inform the co-operative's purpose and how it creates value for its members who, depending on purpose, could be consumers, workers or multi-stakeholder community members. Each of the 13 Care Together projects are supported through a co-designed process to define the project's purpose using the [Mutual Value Measurement Framework](#) that defines member value created by the co-operative on six dimensions which are commerciality, shaping markets, member relationships, community relationships, ecosystem and reciprocity and Mutual Mindset.

2. In line with regulatory stewardship, all stakeholders, including the Regulator, the DHAC, providers, workers, volunteers, older people, and the community are involved in lifting the quality and safety of aged care.

Care Together has actively engaged with Regional Stewards in DHAC to identify project opportunities and collaborate with the Care Together delivery team around community and stakeholder engagement. BCCM welcomes recent changes that all cross sector place based aged care initiatives in regional, rural, and remote Australia will be part of Indigenous and Thin Markets within the Aged Care Group.

Regional stewardship has informed the potential location of two projects in the Care Together pipeline which are in Integrated Care and Commissioning (ICC) locations – Bega Valley and Longreach (Barcaldine) with the possibility of a third in the Kimberley. Regional Stewards are also working very closely with the Care Together team in Flinders Island (Tasmania), country Western Australia (Pilbara) and in the Murrumbidgee Region of NSW.

Two projects have been initiated by Primary Health Networks (PHNs). One project is approved and has commenced in New England, NSW (Glen Innes). This project will co-design a place based multi-disciplinary primary health and care hub as a co-operative. A second PHN has also expressed interest in a secondary co-operative to improve the sustainability of GP practices where there are 110 GP practices classified "Priority Red Health Project" and 25 practices at risk of closing.

3. All providers will be monitored using a risk-based approach informed by data and intelligence that signals risk and need for additional monitoring. This design feature combined with six categories of provider registration provide options for new entrants that may include co-operatives supported through business model innovation programs like Care Together.

Of the 22 projects in the current Care Together project pipeline, 15 could potentially be new co-ops which will support the intent to foster cultural change and a focus on thin markets in regional, rural, and remote Australia.

4. Harmonisation to other care and support sectors (where appropriate) will support and enable improved information sharing between the sectors and remove unnecessary barriers for providers and workers to enter the aged care sector.

The Care Together project pipeline includes projects across the care and support economy. Harmonisation that finds practical and timely ways to remove barriers that get in the way of sustainable cross sector place based social care will increase employment opportunities, achieve cultural change through enabling business model innovation, including increasing the agency of people who receive care and the workers who provide the care. Having more co-operatives in the aged care sector will increase diversity and inclusion and provide an alternative to profit motivated providers and the inherent risks associated with unregistered workers.

3. Concluding comments

1. Cross sector place-based programs that support business model innovation including by co-operatives will make a significant contribution to changing the culture of aged care, making it a more attractive sector in which to work.
2. The new model for regulating Aged Care needs to be based on evidence and experience of highly successful co-operative enterprises in Australia and internationally.
3. There are successful examples of secondary co-operatives in Australia and internationally that provide a sustainable alternative business model to address many of the thin market constraints especially in regional, rural, and remote areas of Australia. There is untapped potential to apply this recognised and longstanding business model to improve sustainability in the care and support economy.
4. The implementation of the new model for regulating aged care needs to be conducive for new entrants like co-operatives, especially when the focus of those new entrants is in regional, rural, and remote Australia where there can be a regulatory burden on smaller providers.

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Attachments:

Att 1 – BCCM response to Consultation Paper 1 – 23 June 2023

Att 2 – Briefing Note to DHAC re Factors in co-operative governance and structure that contribute to the provision of safe and quality aged care – 25 August 2023

Att 3 – BCCM's submission to the National Care and Support Economy Strategy – 26 June 2023