

Business Council of Co-operatives and Mutuals

**Mutuals and Co-operatives: Exploring Different
Models for Aged Care Providers**

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BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Overview

- By 2055
- The governments role
- Public Service Mutuals (PSMs)
- BCCM's PSM White Paper
- Case studies



By 2055

Australia's population projected to be 39.7 million in 2055

Male life expectancy projected to increase from 91.5 years to 95.1 years

Female life expectancy projected to increase from 93.6 years to 96.6 years

Number of Australians aged 65 and over projected to double

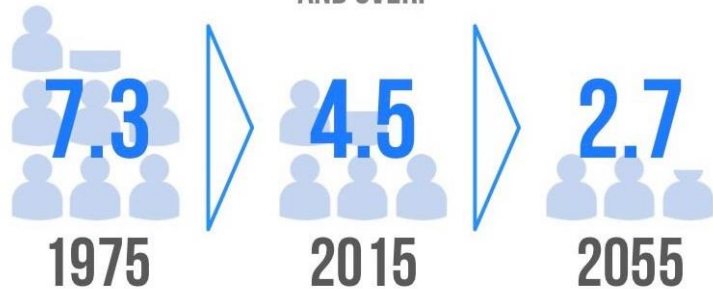
Average annual population growth over the next 40 years projected at 1.3%

By 2055 - the challenge for government?

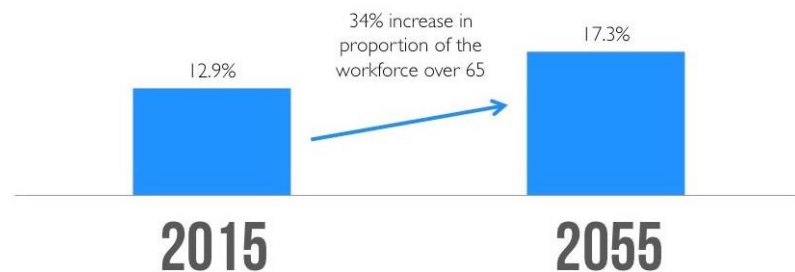


THE AUSTRALIAN WORKFORCE IN 2055

THE NUMBER OF PEOPLE AGED 15-64 FOR EVERY PERSON AGED 65 AND OVER:



PERCENTAGE OF THE WORKFORCE AGED 65 AND OVER:



How can government fund and provide aged care services into the future for more elderly?

The governments role

- In 2015-2016, the government will spend \$154 billion on welfare =

35% of total government expenditure

- Government is investing \$73.7 million over four years to increase consumer choice and flexibility for older Australians who receive a Commonwealth funded Home Care Package
- Investment of \$7.5bn over four years for home care packages to allow older Australians remain in their own home for longer
- From 1 February 2017, funding formerly allocated to service providers will be allocated to the consumer based on their care needs



The governments role

- In 2013-2014:

776,000
received Home
and Community
Care Services

80,000
Australians
received a
Home Care
Package

The governments role

- The challenge for government is:

How you ensure that there is sufficient competition and choice in care markets for consumers to get the benefits of individualised funding?



Policy context summary

- Demographic - aging
- Economic - shrinking public purse
- Ideological – outsourcing, devolving, personalised budgets
- Proportion over 85 has doubled in last 2 decades
- No. of 100 years olds has increased by 263%
- Affects health, housing, labour supply
- > service demand; > complexity; > costs; < resources

Policy context ...

- “ ...social service procurement is becoming a value-based commissioning activity to support individual choice and control. It is important that service providers remain committed to the idea of choice and control within the existing setting, but also looking to the future.”
- \$100 billion of services will need to be delivered in this new ‘public private production system’ – EY
- This transition is creating unprecedented challenges in terms of workforce planning and ensuring equitable and efficient service markets.



Public Service Mutuals (PSMs)

The solution:

Public Service Mutuals

A Public Service Mutual or PSM is an organisation which wholly or in part delivers public services through a co-operative or mutual governance structure, whereby members of the organisation are able to be involved in decision making, and benefit from its activities, including benefits emanating from the reinvestment of surpluses.

What are co-operatives and mutuals?

- Co-operatives are member owned businesses
 - Consumers
 - Producer - employees and enterprises
 - Combination
- Comparative advantages:
 - Profits are re-invested back to business
 - For member value
 - Business sustainability
 - Community benefit
 - Higher levels of engagement
 - Member satisfaction
 - Employee satisfaction
- Co-operatives are mutual enterprises but mutuals may not always be co-operatives

Principles of co-operatives

- Voluntary and open membership
- Autonomy and independence
- Democratic member control
- Member's economic participation
- Education, training and information
- Co-operation among co-operatives
- Concern for community



A Large Australian Community

8 in every 10 Australians are members of a co-operative or mutually owned enterprise

Motoring organisations are owned by more than 7 million members

Customer owned banks, credit unions and building societies have 4.5 million members

Mutual insurers and friendly societies provide insurance to more than 2.3 million Australians

The first Australian consumer co-operative was registered in 1859



Some Australian co-operatives and mutuals

There are various forms of co-operatives and mutuals across the country:



PSMs providing services for the aged sector



**Dandenong & District Aborigines
Co-Operative Limited**
incorporating
Bunurong Health Service



Public Service Mutuals (PSMs)

Three main groups of PSMs:

Consumer

NRMA
National Health
Co-operative

Producer

Co-op Home
Care
Nundah

Employee and
and enterprise

CEHL
Community
Child Care
Co-op

Who is talking about us?

The Business Council of Co-operatives and Mutuals and the Australian Public Service Mutual Task Force have released Public Service Mutuals: A Third-way for delivering public services in Australia (White paper) on public service mutuals that seeks to explore an alternative where co-operatives and mutuals play an expanded role in delivering human services.

Competition Policy Review Final Report, 2015, pg 247-248

The question I'm keen to explore is how we, the Government, can help you, the co-operative and mutual sector, take things to the next level.

Kevin Andrews,
Minister for Defence
(then Minister for
Social Services)

Government should work with the Business Council of Co-operatives and Mutuals to ensure legal, regulatory and economic environments promote the development of mutuals and co-operatives.

McClure Report: A New System for Better Employment and Social Outcomes, 2015, pg182

Public Service Mutuals (PSMs)

Diversity enables a resilient economy

- Diversity of organisations leads to a more resilient economy
- Alternative to government privatising public services
- Alternative to outsourcing (market/quasi markets)

Profits re-invested to benefit members

- Member value – higher quality specialised services and value for money
- Business value - commercial discipline - productivity, efficiency and long-term sustainability
- Community value – indirect - generates social capital and more say in how services are delivered

Member driven outcomes

- Consumer choice – consumer direct care - consumer choice and control through democratic structures
- Employee owned – competitive salary, training and decision making in providing quality care
- Multi- stakeholder governance – co-operative collective impact to address complex problems and harnesses diverse resources

Innovation to meet unmet needs

- New co-ops & mutuals – response to individual & community problems
- Existing co-ops & mutuals:
 - Incremental innovation – extend existing service offering
 - Radical innovation – new services to meet member future needs



Benefits of PSMs in public services

For Individuals

- More choices
- More money to fund services
- Better designed and delivered services
- Value for money

For Public Service Employees

- Professional responsibility and discretion
- New opportunities to innovate
- Deliver good services without bureaucracy

For Enterprises (NFP, FP & Co-Operatives)

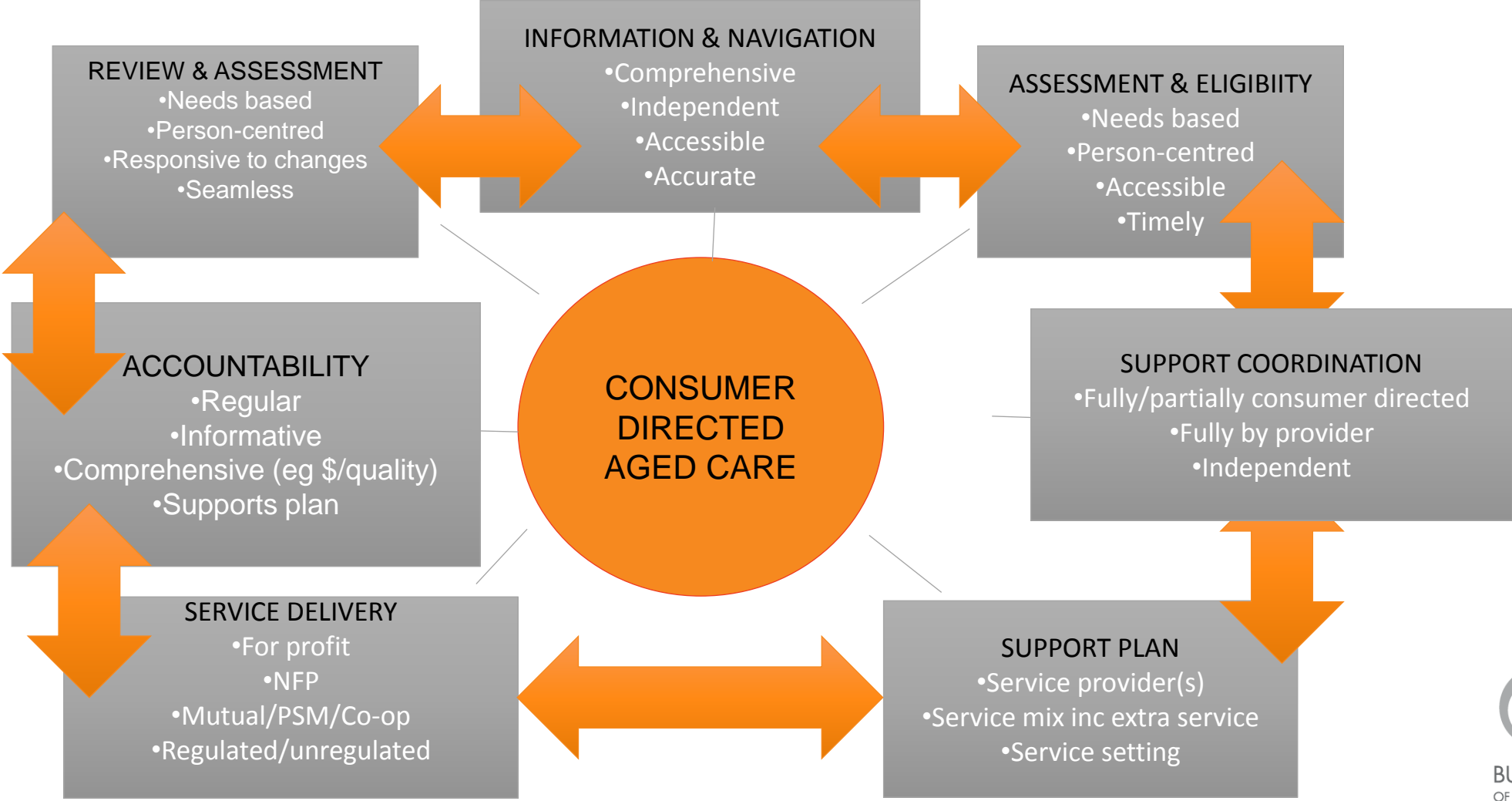
- New opportunities to grow / transform your business
- Make money by meeting a societal need
- Invest back in your community

For Communities

- Take control and responsibility for local services
- Have more say in how your local services are operated
- Tailor services to meet your specific community needs



Opportunities for PSMs in aged care



Case study: NRMA's Living Well Navigator

- Living Well Navigator is an online resource and social community that helps people steer their way to a healthy, happy life
- Created by NRMA along with community organisations including the Council on the Ageing to develop new products and services to meet the evolving needs of NRMA's 2.4 million members
- Offers a rating system for home/retirement villages and residential aged care services to address the information asymmetry experienced by older Australians
- The site provides a range of information, tools and solutions designed to help you live independently for longer and stay active doing the things people love including:
 - Getting around
 - Independent living
 - Supported living
 - Travelling
 - Work and volunteering
 - Health and wellbeing

Case study: RAC WA & St Ives Group

- RAC WA formed in 1905 to represent the interests of road users
- In The Group acquired the St Ives Group, a retirement and aged care provider
- The Group operates throughout Australia including in the metropolitan and regional areas of:
 - WA
 - NSW
 - QLD
 - VIC
 - NT
 - ACT



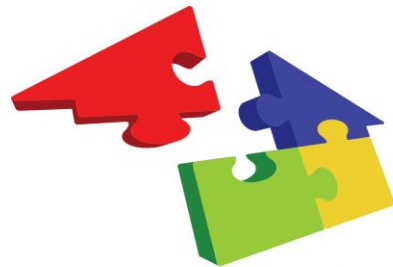


Co-operative Home Care

quality jobs , quality care

Services

- Domestic Care
- Personal Care
- In-Home Respite
- Shopping Services
- Community Access
- Social Support
- Care Coordination



care the way you want it

**Australian Independent
Living Enterprise**



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Employee owned co-operative

- Commenced trading in October 2013
- Non-trading, non-distributing cooperative without share capital
- Caring for vulnerable people is highly challenging and complex
- Current system delivers basic needs to clients and minimal conditions to support workers
- Individual needs are not well supported



Quality jobs and quality Care

- What job quality do I want for the home support worker?
“Mum” quality care for the client
- What care quality would I want for my mum? “Me” quality conditions for the community home support worker
- Achieve both with one model
- Focus on supporting *both* the client & the support worker
- Accept lower profit margins

Community transport

- 3 leading providers
- 10,000 clients
- 100 years combined expertise
- Spin together for: scale, sustainability, better service delivery
- Share back and front office functions
- Lower operating costs; expand service offerings
- New technology & partnerships
- Stay connected to community & local identity
- Relationships not transactions



PSMs & healthy aging

- Gov concerned about costs of aging population
- Older people want to age well and independently
- Traditional block funding receding + consumer packages = choose services based on service + value for money
- Mutuals provide capital for existing + new services
- Mutuals build capacity to support 'aging well'
- Services at lower cost + tap into older volunteers



Waverton Hub

- Mutual ethos at work
- Tapping into the time and skills of older volunteers + collaborative consumer market
- Mutual based on US Beacon Hill model where members help each other to stay in their own homes for longer, be healthy and create a market for local service provision



Thank you for your time!

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