



BUSINESS  
COUNCIL OF  
CO-OPERATIVES  
AND MUTUALS

Royal Commission into Aged Care Quality and Safety:  
Responding to Counsel Assisting's final submissions

Via: [ACRCfinalsubmissions@royalcommission.gov.au](mailto:ACRCfinalsubmissions@royalcommission.gov.au)

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To the Solicitors Assisting the Royal Commission,

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the Royal Commission into Aged Care Quality and Safety in response to Counsel Assisting's final submissions.

Co-operative and mutual enterprises (CMEs) are focused on the interests of members, who can be consumers, employees, communities, or a combination of these. This is membership with purpose, well-suited to help the aged care sector offer more inclusive services by empowering those who provide care and those in care.

We would be pleased to provide further information on any matters raised in this submission.

Yours sincerely,

Melina Morrison  
Chief Executive Officer

**Royal Commission into Aged Care Quality and Safety:  
Responding to Counsel Assisting's final submissions  
Submission from the Business Council of Co-operatives and Mutuals**

## 1. Introduction

### 1.1 The Business Council of Co-operatives and Mutuals

The Business Council of Co-operatives and Mutuals (BCCM) is the voice of Australia's co-operative, mutual and member-owned firms and provides the latest research on the economic and social contribution of this sector.

The BCCM congratulates Counsel Assisting the Royal Commission into Aged Care Quality and Safety for preparing a comprehensive evidence-based report that we hope will drive generational change to aged care in Australia.

Our interest in making a submission at this time of the Royal Commission is to highlight the potential of the CME sector to help support investment in achieving the generational change envisaged in Counsel Assisting's final submissions. Our member-owned business model is focused on the interests of members, who can be consumers, employees, communities, or a combination of these. This is membership with purpose, well-suited to consumers, employees, and communities of special interest to help the aged care market become more inclusive.

Our concern with Counsel Assisting's final submission is that more attention could be given to including strategies to increase the diversity of aged care providers, injecting much-needed cultural change.

Unlike some overseas countries such as the UK, US, Europe, and Canada, in Australia, the debate about ownership of human services like aged care is between public versus private provision. We need to build a shared understanding about the characteristics of organisations that consistently deliver higher quality care which may be a hybrid, the missing middle in-between.

*"If the aim is for higher quality, greater user and worker wellbeing, more community involvement, enhanced accountability at an efficient price, then often the most effective providers are neither government agencies nor private organisations. They are a hybrid of both".<sup>1</sup>*

The generational change envisaged will not be realised without more aged care providers whose purpose is to serve their consumers and invest in building the capability of their workforce. Current and future generations will benefit from having

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<sup>1</sup> Julian Le Grand (2017) Public, private or in-between? Staff-led mutuals may be the future of aged and disability care in Sydney Morning Herald. <https://www.smh.com.au/opinion/public-private-or-inbetween-staffled-mutuals-may-be-future-of-aged-and-disability-care-20171206-gzzrqw.html>

greater diversity of ownership models. There are ways this can be achieved by involving co-operatives and mutuals in the change.

Co-operatives and mutuals are part of a large and growing sector in Australia, capable of investing in growth and innovation including in sectors like aged care. Our members include most sectors of the Australian economy. There are 2032 active co-operatives and mutuals in Australia, the combined memberships of which total more than 31 million. In 2019 these member-owned organisations had a combined turnover of more than \$104 billion (including member-owned superannuation funds).<sup>2</sup>

Member-ownership contributes to increasing the quality and productivity of human services by changing the culture and governance of the organisations that provide them. This is especially so when the members are employees, consumers, or a combination of these. Our submission includes links to some Australian and overseas examples of this evidence including the successful UK Mutuals Program which has fostered employee ownership in 'quasi-markets' and been particularly effective in health and social care.<sup>3</sup>

## 2. Four areas where CMEs could foster a culture of innovation in aged care

### 2.1 Increase awareness of co-operatives and mutuals in aged care reform

In contrast to countries like the UK, US, Europe and Canada, co-operative and mutual enterprises (CMEs) are not as well-known in Australia. The BCCM's advocacy program includes increasing awareness in all sectors of the economy about co-operatives and mutuals.<sup>4</sup> Despite some progress, more needs to be done to include the co-operative and mutual business model in business schools, university law faculties and for it to be better understood by consulting firms. Communities need to be educated about the model, so they understand the benefits when people co-operate to achieve a shared purpose.

This contributes to a lack of awareness of corporate forms in aged care where ownership models are polarised between for profit and not for profit. In the constitutions of many aged care providers where provision is made for members, there is limited meaning to the purpose of membership. In contrast, co-operatives and mutuals have an active membership provision linked to its purpose which builds in accountability to members.

BCCM members have capacity to contribute to aged care reform by raising awareness of co-operatives and mutuals. If we are to have more providers focused

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<sup>2</sup> Business Council of Co-operatives and Mutuals (2019) National Mutual Economy Report incorporating the Top 100 <https://bccm.coop/wp/wp-content/uploads/2019/11/BCCM-2019-NME-Report.pdf>

<sup>3</sup> <https://www.gov.uk/guidance/mutuals-support-programme-2>

<sup>4</sup> <https://bccm.coop>

on delivering high quality services to consumers, the design of co-operatives and mutuals around the international co-operative principles and values could give formal expression to the principles underpinning the new program and system re-design envisaged in Counsel Assisting's final submissions. (Part 3.1 pp 40-55).

This awareness raising should include understanding recent changes to the Corporations Act that define a mutual and support new provisions for capital raising. These recent legislative changes increase the options for larger mutuals to invest in aged care infrastructure and reform.

Australia needs more purpose-driven investments that address our ageing population, the rise of chronic and non-communicable disease, disability, mental health and the shortage of social and medical infrastructure (for an example see the Australian Unity Future of Healthcare Fund<sup>5</sup>).

## 2.2 Demonstrate how ownership can drive different outcomes in 'quasi-markets'

The discussion in the Counsel Assisting final submission about provider governance 'quasi-markets' (Part 3.8 pp 235 -256 & Part 3.2 Para 179, 184 & 185 pp 57-58 ) does not raise the significance of ownership of the organisations delivering services when they are largely funded by government as is the case with aged care.

Co-operatives and mutuals are not mentioned in the final submissions nor the importance of having more diversity in the types of organisations that provide services.

The market failure of current service provision is prominent in the final submission. This is particularly so around quality care, responding to people with special needs and in governance. (Part 2 Para 81 pp 26)

Counsel Assisting's final submissions outlines the challenges of 'quasi-markets' like aged care where majority of funding is provided by government and services delivered in the private sector. Drawing on Australian and overseas case studies, there is an opportunity for BCCM to demonstrate innovative examples of how different forms of ownership could inject greater diversity and choice in the aged care market. This particularly applies to drawing Counsel Assisting's attention to the extensive evidence base on employee ownership to drive quality care with higher consumer and worker engagement.<sup>6 7 8 9</sup>

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<sup>5</sup> [Australian Unity Future of Healthcare Fund](#)

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<http://www.employabilityinscotland.com/media/140290/New%20models%20of%20public%20service%20ownership%20-%20A%20Guide%20to%20Practice.pdf>

<sup>7</sup> [https://www.uk.coop/sites/default/files/uploads/attachments/worker\\_co-op\\_report.pdf](https://www.uk.coop/sites/default/files/uploads/attachments/worker_co-op_report.pdf)

<sup>8</sup> <https://www.smh.com.au/opinion/public-private-or-inbetween-staffed-mutuals-may-be-future-of-aged-and-disability-care-20171206-gzrzqw.html>

<sup>9</sup> [https://www.researchgate.net/publication/285356456\\_The\\_Performance\\_of\\_Workers'\\_Cooperatives](https://www.researchgate.net/publication/285356456_The_Performance_of_Workers'_Cooperatives)

The motivation for the UK Mutuals Program has parallels with aged care reform especially in responding to crisis and a 'burning platform' or change. There is an opportunity to adapt the principles of this successful program to an Australian context. This could be done with targeted innovation hubs demonstrating the benefits including supporting existing providers to understand this organisation form.

### 2.3 An opportunity for innovation hubs in areas of need highlighted in Counsel Assisting's final submissions

Drawing on Australian and international case studies, working with its members, the BCCM could highlight different approaches to addressing shortcomings in specific areas highlighted in Counsel Assisting's final submissions.

This is especially so in the following areas:

- Young people in nursing homes (Part 2 para 89 pp 30 & Part 3.11 pp 279-295 & Recommendation 59 pp281) - Supporting Independent Living Co-operative (SILC)<sup>10</sup> operates in the NDIS and is an example of an enterprise co-operative where individual family-owned co-operatives are members of a larger co-operative, providing education, training, regulatory support and advice. With appropriate investment, this model has great potential to deliver choice for younger people inappropriately housed in nursing homes.
- Building capacity and choice in thin markets such as rural and remote (Part 3.14 pp 344 – 354) - Nundah Community Co-operative Enterprises, which adopts a place-based model to create secure jobs for people with disabilities<sup>11</sup>.
- Better access to health care (Part 3.13 pp 301) - National Health Co-op (NHC) is a patient owned co-operative that co-locates primary health care services with aged care providers, mostly in areas where there is a shortage of general practitioners.<sup>12</sup>
- Increasing accessible housing choices such as intentional communities and co-housing (Part 3 Para 119 – 130 pp 40-41) – Common Equity Housing Limited (CEHL)<sup>13</sup> and the Institute for Sustainable Futures which provides information and resources on co-housing for seniors.<sup>14</sup>
- Aged Care information and ratings (Part 3.3 Para 312 -313 pp 102 & Part 3.17 Recommendation 117.1 – 117.4 pp 452-453) - In 2015, in response to consumer directed care, NRMA in association with Gallup and COTA Australia developed and trialed an aged care consumer rating tool. A central feature of this rating tool was its independence from providers and government. The tool used Gallup's CE<sup>11</sup> validated consumer engagement tool. There was extensive consultation with officials from the Department of Health and

<sup>10</sup> <http://www.silc.coop>

<sup>11</sup> <http://www.ncec.com.au>

<sup>12</sup> <https://www.nhc.coop>

<sup>13</sup> <https://www.cehl.com.au>

<sup>14</sup> [https://www.uts.edu.au/sites/default/files/article/downloads/Cohousing%20for%20Seniors\\_Lit%20Review.pdf](https://www.uts.edu.au/sites/default/files/article/downloads/Cohousing%20for%20Seniors_Lit%20Review.pdf)

Ageing including presentations to the Aged Care Roundtable. Significant lessons were learned from these trials which could contribute to future attempts to develop a meaningful and trusted consumer rating tool for aged care<sup>15</sup>. In its final submissions, Counsel Assisting has made important recommendations around consumer information, advocacy and ratings including stronger advocacy services, aged care guides and ratings. Effective implementation of these recommendations must be focused on consumers and carers which means they must be delivered by a trusted provider, preferably one who is independent from government and aged care providers.

- Co-operative models of employee owned labour hire have some potential to address quality concerns highlighted by Counsel Assisting about platforms like Mabel and Hire Up where platforms connect care workers with third parties (Page 217 Para 715 – 726). There are US examples of localised place-based employee care co-operatives, including the Co-operative Home Care Associates, established in 1985 in the Bronx to provide quality care to clients by providing quality jobs and training for direct care workers.<sup>16</sup> The benefits of employee ownership have been well documented for their ability to deliver quality services with increased consumer and employee engagement. This was the ownership model that has been attributed to the success of the UK Mutuels Program<sup>17 18</sup> and other reviews<sup>19</sup>. Despite this evidence, there are not many examples in Australia of employee ownership in aged care. The Co-operative Life<sup>20</sup> is one example, established in 2013 on similar principles to Co-operative Home Care Associates. It has potential to grow, especially in rural and regional communities, however it requires capital and business support to achieve scale.

“There is a body of evidence pointing to the need for policies and practices to drive a ‘virtuous circle’, where good employment, attractive wages and working conditions, supportive management and an empowering culture, collaborative teams, high quality and relevant education and training, and high satisfaction among care workers underpin high quality, person centred care” Counsel Assisting’s final submission p217 Para 711.

We consider Counsel Assisting’s final submissions could be strengthened by including the evidence about the benefits of employee ownership. Further, we consider it would be beneficial to consider the benefits of testing different

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<sup>16</sup> <http://www.chcany.org>

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/806202/Public\\_Service\\_Mutuals\\_-\\_The\\_State\\_of\\_the\\_Sector\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806202/Public_Service_Mutuals_-_The_State_of_the_Sector_2019.pdf)

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/603356/Research\\_into\\_the\\_Public\\_Service\\_Mutuals.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/603356/Research_into_the_Public_Service_Mutuals.pdf)

<sup>19</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31706/12-933-sharing-success-nuttall-review-employee-ownership.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/31706/12-933-sharing-success-nuttall-review-employee-ownership.pdf)

<sup>20</sup> <https://www.lifecoop.com.au>

ownership models in aged care, including by consumers and place-based communities.

#### 2.4 Involving co-operatives and mutuals in aged care reforms to help achieve cultural change in aged care

Counsel Assisting's final submissions envisages the new Act will be in place by 2024 and that various advisory bodies will be in place to help drive the change. BCCM welcomes the opportunity to discuss the themes and ideas in this submission. For aged care reform to be effective, a culture of innovation needs to emerge from a willingness to embrace new ideas that have been demonstrated elsewhere to influence quality care. On behalf of its members, BCCM welcomes the opportunity to be involved in the transition and implementation stages of aged care reform to foster the innovation and significant cultural change needed to realise this once in a lifetime generational change.

Australian and UK case studies of social care co-operatives contain useful guidance to inform innovation as part of Australia's aged care reform. The case studies included in this submission can be viewed on the BCCM's website.<sup>21</sup>

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<sup>21</sup> <https://bccm.coop/what-is-a-co-operative/about-mutuals/social-care-mutuals/>