



Australian Government

Office of the Aged Care Commissioner

mecwacare

**Annual General Meeting and 50 Year Jubilee
Celebration**

Wednesday 28 October 2009

**Rhonda Parker
Aged Care Commissioner**

Welcome

Mr Robin Syme, Chair, and fellow directors of the board.

Life Governors

Members

Ms Michele Lewis, CEO,

Staff, volunteers and friends of *mecwacare*

Thank you for the opportunity to be with you tonight and to share in this milestone in your history and service to the community. I acknowledge your involvement with disability services as well as aged care services, and that there is a cross-over between these two. However, my comments tonight will be directed specifically at the aged care environment.

I'm sure a number of you in the room this evening at times wonder if aged care as a sector has a multiple personality disorder. The gap between what you see in the media and what you know from your experience with *mecwacare* would often seem a chasm.

So what is the real picture of aged care in Australia as *mecwacare* celebrates its 50th anniversary? Michele has asked me to provide some brief comments on the aged care sector in Australia - a view of the forest, rather than the trees, so to speak.

The Status of Aged Care

There are three aspects of the macro environment that I believe are the significant impacts on your future, and that I will briefly touch on:

1. the change in the number and nature of the care demand,
2. the environment of change that exists in the sector presently, and
3. the shift in positioning of aged care in the health system.

Change in the numbers and the nature of care

The first aspect we must keep in mind is that the ageing of the population means the background against which you operate is one of rapid growth in raw numbers and rapid change in the nature of the demand.

You will know well the projections of population change, so I will not repeat them here. You will also know that the fastest growing population cohort is the 80+ group.

Not only will organisations such as *mecwacare* need to respond to the change in the raw growth in demand, but also to changes in the nature of the care demand. Less than 30 per cent of entrants into residential care are now classified low care. This contrasts to a figure of some 70 per cent in 1997 when the Aged Care Act and the present frameworks were introduced.

Residential aged care has changed from being something akin to a social accommodation choice decades ago to now something akin to a sub-acute and palliative care centre. The nursing home's closest sibling in the system is now likely to be a sub acute centre rather than a retirement village.

So, not only has demand for residential care grown with the population numbers, but the nature of the care has changed to one of more complex, clinical care for residents with greater levels of infirmity, frailty and dependence.

The parallel change to this trend has been the growth in community based care. Older Australians clearly have a preference for staying in their home for as long as possible, receiving care in that setting rather than leaving home to live in permanent care. There are now 650,000 HACC places and almost 47,000 ACAT assessed aged care packages of care delivered into homes across Australia.

So much for demand – what of supply? If the nature of the demand for care has changed, what has happened to the supply side of the equation? How have aged care providers responded? The recent application rounds for residential bed licences and community care packages provide insight into the nature of supply.

In a nutshell, the supply intentions of providers have changed dramatically. There is a clear shift away from residential services, and a strong take-up of the community care packages.

The Department's figures from the last Aged Care Approvals Round indicate demand by providers for bed licences met supply by the Department in only one state. In Victoria, only 80 per cent of beds offered were applied for. In a couple of states, the application rate was around or below fifty per cent.

In contrast, the demand by providers for community based care packages was ten times the number being offered.

I can't conclude a commentary on the nature of demand for care without a comment on dementia. One cannot deny dementia is the most significant health and care matter to consider.

Dementia is now the leading cause of disability for those over 65. Across the whole health system it is the fastest growing source of major disease burden. It will become the third greatest source of health and care spending across the entire health system by 2030 and it will consume approximately one per cent of GDP.

As we face the future, the care of dementia sufferers and their carers is the standout challenge for the entire health system in the country, and even more so for the aged care provider.

The environment of change

The second aspect of the macro environment is the mood for change that exists in the aged care sector. The number of reports and reviews is testimony to the mood for change.

Among the reports being considered by the government are:

- NHHRC report
- Senate Inquiry report
- Productivity Commission report on trends in aged care (2008)
- Issues raised in the second Intergenerational Report

The Senate report, for example, made 31 recommendations including:

- an all encompassing review of the Act
- a stress test of the aged care sector
- the benchmarking of aged care costs
- a review of staffing requirements
- the decoupling of costs in residential care, and
- NESB issues.

The reviews currently underway or just completed are:

- A review of the Complaints Investigation Scheme
- A review of the accreditation process
- A review of the accreditation standards
- A Productivity Commission review of the cost of regulation in aged care
- A potential audit by the ANAO, and
- A review of aged care by the Productivity Commission announced by the PM 2 months ago, and yet to be commenced

These reviews and reports indicate that, together with the changing demographic, as an organisation, you will need to deal with changes in policy and other frameworks, not only because of the number of reviews and reports, but because of the consistency in the themes running through them.

Ageing as core business in the health system

The third macro matter for your perspective is that aged care is no longer an isolated element of the health and care system sitting outside the margins of the mainstream. It may have once; it no longer does so.

Fifty one percent of all hospital beds days across the health system are used by those aged over 65. No matter where you are in the health system (apart from paediatrics and obstetrics) older people are the single biggest customer group. The health and care of older Australians is no longer a marginal matter. It is mainstream, and it is core business for the entire health sector.

The NHHRC report makes the following comment, and I quote, 'what is clear is that providers of health care services are under strain now and will not cope with the rising tide of chronic disease and frailty in the future'.

While the observation is sobering, I believe it is important to you as an organisation as you set your strategic direction for the years ahead.

In closing

As such, allow me to frame a challenge for you as I close this brief address.

As an aged care provider with a 50 year track record of service, you have experience and expertise with the health system's single biggest customer. You are experts in the health system's key customer group and in its core business.

While you have been working on the 'margins' of the health system, and probably sometimes feeling you were being treated like a poor cousin, the demographic shift in population has changed the environment to such a degree that, as you face the next 50 years, you begin this era knowing better than most other health care providers the consumer who sits front and centre of demand across the whole health system.

As you recognise the corporate knowledge you have gained together with the proud reputation you have earned over the last 50 years, I trust you feel challenged and energetic as you enter the next 50 years.

Your business will have a myriad of opportunities to grow and change.

In closing:

- I wish the board wisdom as it makes decisions regarding strategic direction for this significant organisation in such a challenging environment;
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- I acknowledge and pay tribute to your employees, and wish them satisfaction as they go about their valuable task of providing care; and
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- I pay tribute to the elders of our nation. They have built our industries, professions, community organisations, democratic freedoms and cultural identity. They have raised and built our families.

As we consider how we will provide environments that will enable older people to enjoy a quality experience as they age, and how to provide care to them if they lose their vigour, we must never forget who they are, or forget the respect and dignity they deserve.

Best wishes to you as you embark on the next 50 years of your journey.