Speech by Paul Sadler  
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at Aged Care Forum, National Press Club, 13 July 2016

Today’s Aged Care Forum couldn’t come at more opportune time.

Australia is still coming to terms with the belated outcome from the 2 July Federal Election. The world is coming to terms with Brexit and Donald Trump, as well as the ongoing threat of terrorism.

So why, post the election, has the National Press Club devoted its last two events to ageing issues?

Australia’s population has been ageing for decades. And by the time we get to 2050, over a quarter of all Australians will be older people.

The National Press Club has got the message. Have our politicians?

Last week, former Treasury Secretary Ken Henry said Australia’s political system had proved "incapable" of dealing with the recommendations from his first Intergenerational Report. Mr Henry said politicians preferred to see the challenges facing the nation, including ageing of the population, as distant.¹

**Aged Care Reform**

So how have our politicians responded to the challenges facing aged care?

Fortunately, there has been a more positive start. Following the seminal *Caring for Older Australians* report by the Productivity Commission in 2011, all sides of politics supported a once-in-a-generation reform agenda.

These reforms will, over time, direct the government funding of aged care to the consumer, not the provider.

The ALP commenced aged care reform in 2012 during a hung parliament, with release of the *Living Longer, Living Better* package under Mark Butler’s leadership. Following the 2013 election, Ministers Mitch Fifield and Sussan Ley continued the momentum.

Under legislation passed unanimously in March this year, Home Care Package funding transfers to the consumer in February 2017. In July 2018, the Commonwealth Home Support and Home Care Package programs will be merged.

The National Aged Care Alliance, representing 48 national aged care consumer, provider, union and professional organisations, has articulated a Blueprint for the next stages of the reform agenda. The Government’s Aged Care Sector Committee released an Aged Care Roadmap in April 2016.

In the 2016 Federal Election, the Alliance sought a commitment to adopt the Blueprint and Roadmap.

Sussan Ley, Coalition Minister for Aged Care, and Shane Neumann, ALP Shadow Minister for Ageing, both gave speeches referencing the Roadmap, but unfortunately neither party committed to implement it.

**Impact of Aged Care**

As more people are personally affected by aged care, awareness of this issue is growing. There are over 1.1 million Australians receiving some form of aged care service today.

A survey, commissioned by the Alliance and conducted by Essential Research in June, showed one third of the 1,000 people polled had a friend or family member currently receiving aged care.

The survey showed a majority of Australians believe our country is not well placed to manage the needs of an ageing population and that they, or their relatives, won’t be able to access aged care when they need it.

Almost half said they would vote for a party that promised to improve aged care delivery and funding in the 2 July election. This rose to 74% when they had a friend or family member receiving aged care.

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Waiting Times
Productivity Commission data released earlier in 2016 showed waiting times for residential and home care services blew out by 30% between 2011-12 and 2014-15.¹

Our aged care system is a lottery because it is not based on demand but an arbitrary number of places per 1000 people over 70. There is a cap on delivery of services, no matter how urgently people need them.

If you are 82 years old and assessed as needing a high level of care, it’s unfathomable the system makes our most vulnerable wait an average of 68 days.

Residential Aged Care Funding Cuts
The 2016 Federal Budget announced a cut to residential aged care funding, particularly targeting people with complex health care needs – those most at risk of going into hospital if their needs can’t be met by their aged care provider.

Aged & Community Services Australia, UnitingCare Australia and Catholic Health Australia commissioned a report to analyse the impact of the Federal Budget cuts. We found the Aged Care Funding Instrument cut, once fully implemented over the next three years, will decrease annual funding by $6,655 per resident – that is 11%, which appears greater than the quantum the Government expected.⁵

To give an example of what this cut means, consider Joan:

Joan is 72 years old, has mild dementia and cardiac issues and recently had a fall at home subsequently fracturing her neck of femur. After surgery and a lengthy hospital stay, it was decided that Joan could no longer care for herself at home and required residential care.

In the residential aged care facility, comprehensive assessments find that Joan requires full assistance by 2 staff with showering, mobilising and toileting. She

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remains independent with her meals. Joan is very unsure of herself and requires much emotional support and encouragement from staff. With her dementia, she is manifesting anger and frustration toward staff and other residents. This requires extensive staff time to support Joan and create a safe and happy environment for all residents.

Joan needs full assistance from staff to take many oral medications throughout the day. She also has osteoarthritis and chronic back pain which further limit her movement and affect her mood.

The ACFI complex health care funding cuts will result in a reduction in funding for Joan of $40 per day or $14,600 annually.

The Government responded saying these cuts only apply to Joan if she needs to be reassessed. But if, for example, Joan has to go back into hospital for an extended period, this funding cut will apply to her.

And it will apply to anyone with similar circumstances as soon as they enter residential care.

Unfortunately, neither the Coalition nor the ALP promised to halt these cuts during the election. But the Greens and many of the cross-benchers, including Nick Xenophon, Andrew Wilkie and Jacqui Lambie, came out strongly in opposition to the aged care funding cuts.

Let me make it clear. ACSA argues the residential care funding cuts are unacceptable in their current form. They must be halted.

The Alliance has called for proper analysis of how to achieve the Government’s objective of meeting its Budget targets while also providing predictability for aged care consumers, staff and providers.

It’s not as if the aged care sector is actually awash with money. The financial viability of the sector was no better in 2014 than 2012 despite the reforms to date. 6 The Aged Care Financing Authority found that 34% of residential care

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providers reported a net loss in 2013-14. And rural and remote services barely made an average of $2,000 per resident per annum.7

The National Australia Bank notes that 75% of residential care expenditure is linked to labour and it is difficult to make substantial savings without major impacts on care outcomes.8

A Way Forward
There is a way forward here.

We need sustainable aged care sector financing arrangements where the market determines price, those that can contribute to their care do, and government acts as the ‘safety net’ and contributes when there is insufficient market response.

Our Australians Deserve to Age Well campaign called on all political parties to end the ‘aged care lottery’ so older people can receive the care they need, when they need it.

All parties need to commit to the Aged Care Roadmap for reform over the next 5 years. We need to give the older person choice and control over who provides their care, and when and where they receive that care.

This will require the integration of residential care, home care and home support into a single and equitable funding structure based on funding following the consumer.

Australia is a diverse nation, so we need to look after older people across the whole country and from all communities.

And we need to assist Australia’s aged care providers, up to 80% of whom are not-for-profit organisations, through the transition to a consumer-driven system.

We can do it. The National Aged Care Alliance is up for it. Are our politicians?