



## National Press Club Address

### The aged care time bomb is ticking

Today, Wednesday 11 April 2012 members of the National Aged Care Alliance will address the National Press Club, Canberra. As part of the Alliance's campaign, *Australians Deserve to Age Well*, you will hear the Alliance panel of aged care experts speak on a variety of topics pertaining to the aged care reform agenda.

#### **Ian Yates, COTA Australia**

Ian will speak about the changing needs and desires of older people with a shift of focus from residential care to in-home service provision. He will outline the priorities for reform beginning in 2012, including the funding options, establishment of the aged care Gateway, the development of an entitlement based system and mechanism for quality.

#### **Lee Thomas, Australian Nursing Federation**

Lee will discuss the huge issues facing the aged care workforce as low pay and difficult conditions mean high staff turnover and fewer younger people entering the sector. She will describe how aged care workers fear there will be no one to care for older Australians in the future and the need for 500,000 additional aged care workers by 2050. She will argue for better wages and conditions for the aged care workforce.

#### **Martin Laverty, Catholic Health Australia**

Martin will present a service providers perspective and explain the massive challenges involved in providing care to people in the way they want to receive it. He will describe the solutions outlined in the Alliance's *Blueprint for Aged Care Reform*, which will be essential if we are to cater for the older Australians of 2050 and beyond.





## Address by Ian Yates

Chief Executive, COTA Australia.

Mr Chairman and supporters of a better deal for older Australians. On behalf also of Lee and Martin I acknowledge the traditional owners of the land on which we gather today – the Ngunnawal people. I also thank the National Press Club for its interest in ensuring that the needs of older Australians get the attention they deserve.

Three of us speak today from separate organisations but jointly as representatives of the National Aged Care Alliance, the 28 organisations that have unanimously endorsed the Blueprint for Aged Care Reform

I want to Age Well. I want all Australians to Age Well.

Australia's population is ageing. By 2050 nearly one-quarter of us will be over 65 compared with 13 per cent today. Significantly the population aged over 85 years more than triples to well over 1.8 million people.

That means a huge increase in demand for aged care services over the next 38 years and the pressure has already started to build.

Our aged care system is struggling to cope with current demand because its design is outdated, its funding is illogically and inequitably constrained and it just does not meet enough needs.

It is a very complicated and confusing system. Older people and their families despair of being able to find and get the services they need. Services are rationed using a formula basically struck many years ago, which delivers vastly more residential than community care, despite the clear wishes of most older people to keep living at home.

This means older people and their carers are missing out on the support they need and deserve. Waiting lists are frankly appalling. Often people have no choice but to move into residential care when they do not need to. Too many times that means they are away from family, friends and services at a time when they need them most.

Inadequate funding means that aged care workers are leaving the industry because their work is undervalued and underpaid. And providers cannot build the residential beds required to support

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many people with high care needs or provide the in home services they know are required to meet the needs of the communities in which they work.

Over Easter Minister Butler himself admitted that *"aged care is a system in crisis today. It ... is not able to meet the needs and the preferences of older Australians today, and ...it will be incapable particularly of meeting the needs and aspirations of ... older Australians into the future."*

Australia can and must reform its aged care system to ensure all Australians Age Well and it is imperative that the Gillard Government starts this process in the 2012-13 Federal Budget.

How would a system that supports people to Age Well work?

To start with it will operate in a wellness framework supporting people in their desire to be as independent as they can be. The focus will be on healthy and active ageing, strengthening continuing capacities as well as supporting people where they have challenges.

Older people who need support will be given an entitlement to adequate and personalised services. The entitlement belongs to the person rather than to a provider, enabling it to be used for what will most suit and benefit each person. This reform will enable people to do what they tell COTA they want most – to stay living in their own home for as long as possible.

There will be a Gateway where people can in one place get information, be assessed and get help to find the right services to meet their needs. This easily identifiable and credible place is one of the most important elements of reform for consumers and families, who tell us that finding the aged care you need now, is like walking through a maze blindfolded.

There are 1.3 million family carers looking after older loved ones. They have poorer physical and mental health, less social support, more expenses and fewer opportunities for paid work. The reformed system will give carers better support. Their needs will also be assessed and they will have access to services and support that will help them to continue caring.

The system will be equitable and fair. If you have the same needs, get the same entitlement to services and have the same means, then you will pay the same regardless of where you live - which is not the case now. Equity and fairness are important to all people, older people are no exception.

Older people know there have to be quality residential care services for the people whose needs grow to such an extent that this is where they are best supported. They expect good quality services with open and transparent systems and pricing.

Reform will give people a choice of how to pay for their accommodation in residential aged care, enabling more people to keep their principal residence if that is what they choose to do. This is a vast improvement on the current situation where people generally have to sell their home to access residential care.

In the new system the accommodation price will reflect the cost of providing it and the market in which it is offered. The price would be publicly advertised. Currently what you pay is very often determined by what assets you have rather than the actual price of the accommodation.

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People could elect to pay a periodic payment like rent. Or they could still pay a lump sum using the value of their principal residence to fund it – or through other sources like superannuation and investments. Where the person elects to pay a lump sum it is returned to the estate in full when the accommodation is no longer required.

These changes mean that buying accommodation is the same as it is in other stages of your life – you know the price, elect to buy or rent and determine how to pay for it. The new system would, importantly, maintain the system of support for people who cannot afford to pay.

That's accommodation. Paying for support and care is a separate issue but the principle of paying the same in the same circumstances also applies here, which is not the case now.

The Productivity Commission recommended that in calculating those means the value of your principal residence above the median house price should be included. That is a new proposal, part of a package that also proposed you could charge your age care costs against that asset at no real interest, that you would only ever pay a proportion of those costs, and that your total costs would be capped. It was an innovative attempt to broaden the user contribution base in face of the burgeoning demographics.

Other user charges regimes can be developed that do not include as comprehensive an assets test but may not have limits on what proportion of costs you pay and would assess incomes more robustly.

How user charges are raised is not a straightforward issue. It goes to intergenerational equity as well as horizontal equity among the current aged population. There is room to weigh up the options as reform progresses, but we need them to be equitable, affordable, transparent and provide a sustainable funding base for care alongside majority Government funding.

In the new system our valuable aged care workers will be paid fair and competitive wages cutting wasted resources on staff turnover which is between 25 and 45% annually – with the higher figures applying to mining boom areas like Western Australia. Older people think it is important that these workers' wages reflect the value of what they do and that there are enough workers to spend time with them.

Dementia is one of the least recognised scourges of our time. It currently afflicts 280,000 people and this will be close to one million in 2050. We heard over Easter just how much the current system fails people living with dementia. In the new system the fight against it will be ramped up so that people living with dementia are better supported and that we reduce the risk and reduce numbers in the years to come.

A more independent and transparent regulatory system will ensure the quality of the services provided.

Finally the new system will seek to ensure all people can die well and with dignity. That they have more control over the circumstances of their death and are able to die where they want to which is

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mostly in their home, not in a hospital. This has been a major topic of quite passionate discussion at the Conversations on Ageing with Minister Mark Butler.

The key thing about the reformed system is that it would treat people with the dignity and respect they deserve and expect and are finally starting to demand.

The National Aged Care Alliance is the representative body of 28 peak national organisations in aged care, including consumer groups, providers, unions and health professionals. We developed a Blueprint, based on the work of the Productivity Commission, which details this new system and how it can be achieved.

We know this is major reform and that it is difficult to ask Government to do this in a fiscally constrained environment. But we do ask it because if we do not start now future generations will inherit a huge financial burden and we will all suffer over the next few years through poorer quality and harder to access services. Is that what we want in Australia in the 21<sup>st</sup> century?

The Government has said that it will reform aged care within its current term. Major aged care reform is now long overdue. The Howard Government faltered. The Rudd Government was largely told what needed to be done by the National Health and Hospitals Reform Commission but decided to refer aged care to the Productivity Commission.

The Productivity Commission's *Caring for Older Australians* report provided a comprehensive and integrated package ready to implement. The Government, through Minister Butler, has now consulted in depth with consumers and carers, as well as the sector, about reform.

A recent independent survey undertaken for the Alliance found 80% of people do not think Australia is prepared for the ageing population and over two thirds would forgo a budget surplus to fund aged care reform.

Politically the Opposition, the Greens and Independents have all publicly stated they will support a good package of aged care reforms.

So there we have it – a plan supported by a united sector, a receptive community and bi-partisan support. Quite simply there is no reason for Government not to act in the 2012 Federal Budget.

What is the alternative? Continuing to fund and apply bandaids to a system that cannot provide what older Australians need and want now. As a country we cannot afford to keep running aged care the same way in the face of a threefold increase in the number of people who need it. If we do the human cost will be enormous. And it will cost the tax payer more too at a time when there will be less of them.

It is time to face the demographic reality and answer the question of what value we place on older Australians right now. Do the right thing by all Australians. Reform aged care in 2012.



## Address by Lee Thomas

Federal Secretary, Australian Nursing Federation.

Over 30 years ago I began my nursing career as a personal care assistant in a nursing home in Adelaide. Since then as an 18 year old I have worked in nursing and midwifery all of my life.

Nursing and caring for others is a passion, those who do it know they are making a real difference to the society we live in, for those who need to be cared for, need to be reassured, for those who need to be comforted.

Our parents, grandparents, friends, and extended family. Aged care touches all of us at some time in our lives.

Working in aged care today is not the same as it used to be.

Residents spent many years in nursing homes then, so much so these places then became their homes. There were more qualified nurses, working in a team with personal care assistants and support staff. Personal carers were not expected to administer medications then, like they are today.

Only a few residents entered nursing homes needing high level care or with complex medical needs then. They often spent four or five years with us as they moved through from low level assistance and then gradually through to high care, as they grew frailer.

The nurses and carers got to know the residents and their families, they became our families and we became theirs. Relationships were built, friendships developed, trust and care were right at the heart of our jobs. Such a profound experience that even today as I reflect back, I can fondly recall the names of most of the residents for whom I cared. But then we had time to care.

Things have changed over the last 35 years and nursing homes today are vastly different, they are high care facilities where residents enter with complex needs. Nurses, assistants in nursing and care staff are run off their feet.

Today it is not uncommon to have one registered nurse with perhaps two personal care assistants looking after up to 60 residents or sometimes even more.

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How can anyone expect to receive high quality care or fulfilment in their work under these conditions? Sadly, tragically in fact, our nurses are telling me they will vote with their feet under the strain of a system in crisis. Aged Care is in crisis today.

For the last three years, the Australian Nursing Federation has been campaigning for aged care reform through the Because We Care campaign, and today the Age Well campaign has 28 peak organisations desperately pleading with our federal politicians to reform aged care.

Aged care unions, consumer groups and providers all agree reform is imperative, right now, in Budget 2012 – and the consequences of a failure to act will affect those who need our assistance the most – vulnerable older Australians.

Real frustration is evident amongst the nursing family because they believe their ability to care is compromised. There is less time to make people comfortable, older more frail residents have to wait longer for basic treatment, and there are fewer staff with so much less time for residents, the quality of care provided is being directly affected.

Older Australians deserve much much better than this. We all know that.

There is a decline in the number of qualified nurses in aged care, and a shortage of 20,000 nurses right now. That is right 20,000 short right now.

Attracting workers to aged care is only part of the problem; there is a significant wage gap between those working in public hospitals as compared to those working in aged care.

I ask you all – is it acceptable to pay those who care for older Australian's hundreds of dollars a week less and expect they will continue to do it just because they care?

Nurses, assistants in nursing and care staff right across Australia are saying the same thing – aged care reform is vital, right now, to ensure quality care is delivered to residents. More money for more nurses and care staff, qualified and well trained staff and fair wages must be injected in Budget 2012 or the system that is already under severe strain may collapse.

Residents are sicker, the dementia epidemic is growing significantly, and baby boomers will flood nursing homes in the next 20 years. The Government is expecting staff to give more and more but with less and less. This situation cannot continue, it must not continue.

There is a way through – we were promised aged care reform by Prime Minister Gillard during the 2010 election campaign. Well we are still waiting for her to deliver.

We are asking the Government to fix the staffing crisis to ensure there are enough nurses, personal care assistants and support staff in aged care to deliver the best quality care for older Australians whenever and wherever they need it.

The nursing family should never be forced to compromise the quality of care they can deliver and as

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a society we should never be forced to accept anything other than the best quality care for the people we love.

We have all come together today, providers, unions, professionals and consumers, all agreed on one simple fact – comprehensive aged care reform must begin in budget 2012.

By 2050 we will need to triple our aged care workforce to meet demand but where on earth will we get them if the Federal Government continues to treat these workers with such little respect?

A month ago the ANF held a community meeting in Tamworth, to discuss the aged care crisis. Jan Howard who has spent 27 years as a registered nurse in aged care spoke at that meeting.

She said she has never regretted becoming a nurse... she loves nursing and loves spending time with the residents in her nursing home, but she hates the lack of time she has to do it.

Caring for residents with dementia is challenging but Jan receives real fulfilment from her work.

Dementia residents are often confused and scared, they do not know where they are or they just want to go 'home'.

It is people like Jan and her colleagues that we risk losing unless the government acts to reform aged care.

As we know, Federal Labor is responsible for aged care. Labor must show leadership by implementing reform.

Politicians, regardless of their political party, must use this as an opportunity to do something rare, to stand together and do the right thing, the right thing for older Australians and their families, right now, in this budget.

If we can all do it here today so can they.

Prime Minister as you know the industry is united Aged Care Can't Wait and each Australian Deserves to Age Well.

Prime Minister the community is with us do not miss this opportunity for reform. All aged care workers need you to help them deliver quality care for each and every older Australian and their family. They deserve that.





## Address by Martin Laverty

Chief Executive, Catholic Health Australia.

Providers of residential and community aged care services believe that if the Prime Minister and Opposition Leader fail to implement the Productivity Commission's aged care recommendations in full, they will have gifted older Australians a second rate aged care system.

I today outline three illustrations that prove what is wrong with current aged care laws.

The first illustration is of a Sydney resident who was given a community aged care package. His care package allowed five care hours to be delivered in his home each week.

Aged care laws ration community care. The ration restricts community packages that offer more hours of care as a person's needs change. When the needs of this Sydney man changed, he had to move into residential aged care, separating him needlessly from his wife.

This illustration is an actual experience, relayed to me by a frustrated Catholic care provider. This experience is sadly common, and illustrates the abject failure of current aged care laws.

Despite what many think, aged care today is not an entitlement. Aged care is rationed. The ratio allows 113 care places for every 1,000 people aged over 70.

The ration means if you are 114 on the list – bad luck. The ration means only one in five of those who do get care can choose to remain in their own home. The ration also meant when 24,000 applications for community care were made last year, a mere 1,800 were approved.

What is the solution? Legislating for aged care to become an entitlement instead of a ration, and legislating freedom for people to choose from whom and where they receive their care is what the Productivity Commission recommends. It is what the National Aged Care Alliance supports, and what the Prime Minister and Opposition Leader should now deliver.

The second illustration is of a resident who sold her house for several million dollars, and went into a high care service. Current laws limit a high care resident's accommodation charge to \$32 a day. Even at the Sydney Backpackers at Central Station, the daily charge is \$69 a day.

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The 'cost of care' study prepared by Grant Thornton Australia found an average high care bed built to contemporary standards operates at a loss of \$62 each day. These losses are sustained because many providers, 60 per cent of which are not-for-profit, are in aged care for reasons of mission. Yet their mission is not to subsidise the Australian Government. Their mission is not to subsidise residents with a clear capacity to pay.

The \$62 bed loss each day is the reason that some providers are not building new services to meet growing demand. The Government offered 10,500 bed licenses last year; only 8,000 or 75% will be built. Over the last three years, 7,000 beds offered by government were knocked back by providers. As a result, Australia will be 120 aged care homes short of the current government target. This 120 home shortfall will result in some Australians missing out on residential care when they need it.

Fifteen years ago, my organisation actively opposed bonds for high care. We today look back and see that bonds, which are refundable deposits by another name, have worked. They have enabled accommodation services for low care residents to be provided in circumstances where the taxpayer would otherwise have footed the bill.

The Productivity Commission recommends, and the National Aged Care Alliance supports, fully refundable bonds to operate across residential aged care services for those who choose to pay them. We support the Commission's recommendation for residents to be given the option of paying rent if they can, which would ensure no one is ever forced to sell their former home.

The third and final illustration is that of a Catholic residential aged care service that changed its staffing so nurses could spend more time with residents.

Nursing presence was increased, in part in response to growing dementia needs. When funding rules changed, staffing costs grew faster than revenue. The service remains operational today only by running down its capital.

Running down capital is how many not-for-profit providers survive. Indeed, as many as 60 per cent of all service providers have regularly returned operational deficits in recent years. Many services do so in order to care for the most vulnerable and financially disadvantaged older Australians. If these services went to the wall, vulnerable and disadvantaged people would be the hardest hit.

The establishment of an independent pricing authority to transparently determine the real costs of delivering care would help solve this problem.

Of course, care for the aged needs to be funded, and there are only two sources of funding: the taxpayer and the consumer.

The taxpayer cannot fund it all – particularly in years ahead with fewer taxpayers, more people needing aged care, and increased health and age pension costs as the population ages.

We therefore need a new aged care financing compact. The compact we seek is that those who can contribute to aged care costs should; those who cannot deserve the protection of the government funded safety net.

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This new financing compact must deliver improvements in quality of services. We have a robust accreditation system in Australia, but quality could be better. Enhancing quality and care outcomes for older Australians must go hand in hand with improved financial sustainability.

Creating a new financing compact is not straightforward, but both the Prime Minister and the Opposition Leader have access to an asset that other Governments have been denied. The asset at their disposal is a plan prepared by an independent umpire, which is backed by the rare unity of the 28 members of the National Aged Care Alliance. Reform plans backed by unified support do not come along often, and this asset must not be squandered.

If the Prime Minister or Opposition Leader balk at a new financing compact, aged care will remain unsustainable. Beds won't be built, quality will decline, and people will miss out on care. Alternatively, taxes could be raised. This is what German Chancellor Angela Merkel is proposing, with a generational tax to be imposed on those aged 25 to 60 to fund the care needs of older Germans. A tax like this in Australia would be impossible to sell to the electorate.

In concluding our three presentations, I remind you it is now 247 days and counting since the Productivity Commission proposals were released. The 28 member organisations of the National Aged Care Alliance are ready to implement them. We now need the Prime Minister and Opposition Leader to act so that all Australians, regardless of their wealth, will be able to Age Well.

The National Aged Care Alliance is the representative body of peak national organisations in aged care including consumer groups, providers, unions and professionals.



Health Services Union

