

# The Evolution of Aged Care in Australia

*Malcom Duncan, IRC Australia | June 23, 2017*

A journey to a sustainable, consumer driven and market based aged care system in Australia.

The challenges of providing workable answers to the needs of older Australians reflect changes that are occurring in most western nations. The challenge is governments with a declining tax base also have a demand to meet community service obligations in sectors like aged care. In Australia, we are shifting away from an aged care facility model, (institutional response) to a model ensuring people are able to stay functioning and happy in their own homes for longer. This is achieved by providing subsidised care in the homes of the elderly for clinical and support workers. This has been driven by changing consumer preferences and a move towards market-based and consumer-centric funding arrangements within the broader community service framework.

In Australia, residential aged care is provided by both the commercial and not-for-profit sectors. The aged care sector has moved from an institutional response to aged care for everyone to a response to a model where in the future aged care facilities will provide care for only the frailest and those needing medical or other intensive support. Baby boomers have made it clear that they will not live in the same institutions their parents were willing to tolerate. This has created the opportunity for many aged care providers to repurpose accommodation that is no longer fit for the market and/or alternatively build resort-style accommodation for those seeking a high-end supportive community environment.

In Australia, a report by our Productivity Commission in 2011 triggered a range of reforms that have sought to provide aged care consumers and providers with a platform to debate what types of new answers can be offered to older Australians under a more consumer centred aged care system. By their nature, individual aged care packages are costly to deliver in the home, resulting in the sector increasingly looking to technology to drive cost from the labour intensive component of service delivery. Increasing use of technologies ranges from how consumers gather information through to modifications to accommodation around devices like nurse call systems and provision of internet enabled communication that allow services to be delivered without people leaving their home.



Home and community care services are labour intensive and advances in clinical and patient care require continuous skills development for an aged care workforce, for example the need for high end palliative care in the home. All of this naturally has implications for the workforce required and the skills necessary to meet these changes. The Australian aged care sector employs over 350,000 workers and has grown by 34% in a five year period. Currently over 60% of residential facilities report a skill shortage of registered nurses. In Australia the answer to shortages and skills gaps is a work in progress.

Finally, all of this has to be paid for, through residential bonds and the increasing corporatisation of aged care. There will be a continuing increase in the consumer contribution to pay for services provided and ensure the ongoing viability of the sector. The only certainty is that the consumer response will be to demand a better product.