

## Aged Care Revolution: The Next Generation of Stay-At-Home Grannies

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Members of the baby boomer generation are often credited with revolutionising fashion, politics and popular culture. Now they are expected to change the way people age in Australia.

Government figures indicate more than 4 million Australians were born from 1946 to 1961 as part of the post-World War II baby rush, with migration adding further to that number. The sheer volume of people now aged over 65 or heading for retirement has sparked concerns about the capacity for Australia's aged-care system to cope.

A confluence of factors is coming into play. The number of older people is on the rise as better medical treatments extend life; those people constitute a wider geographic spread; they are typically richer than previous generations, but their levels of wealth vary; the incidence of diseases such as dementia and severe arthritis is increasing; and, to further complicate the picture, the workforce that will pay taxes to provide aged-care services for baby boomers is shrinking.

How serious is the situation? [Treasury's Intergenerational Report 2010](#) shows that about 13% of Australians are aged over 65. This is expected to increase to almost a quarter of the population by 2050, a projection that is largely due to the transition of the baby boomer generation into the ranks of seniors.

As a result, significant changes are being considered as part of an overhaul of the care regime. In January 2011, the Productivity Commission released a draft report into Australia's aged-care system, titled [Caring for Older Australians](#). While the final recommendations will be released at the end of June, it is clear that major reforms are on the horizon.

Barbara Squires, general manager of ageing at [The Benevolent Society](#), a pioneer of social welfare reform, says the report comes in response to the federal government's promise to thoroughly examine the aged-care sector. She endorses a comprehensive investigation of the system rather than a patchwork approach. "It's just so necessary because the aged-care system is really creaking to the point of collapse," Squires says. "It's been tinkered with so many times and it really is time for a radical rethink and laying the foundations for the next 20 to 30 years."

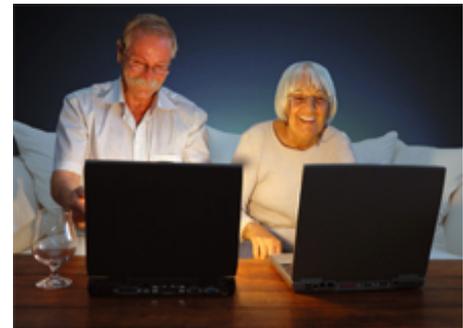
Among its recommendations, the draft report backs:

- a 'gateway' for easily understood information and assessments around care needs;
- flexible care and support services that emphasise restorative care and rehabilitation;
- greater choice of care at home or in a residential facility; and
- access to a government-sponsored equity release scheme for the payment of care and accommodation charges in some cases.

[Laurel Hixon](#), a lecturer and research associate at the [Australian Institute for Population Ageing Research](#) at the University of New South Wales, endorses a rethink of the system.

"The only way to tackle this problem is to really pull all the pieces apart, both the financing and the services, and then try to put them back together in a more sensible way," she says.

While Hixon says the state of the current system is not dire, she believes there are gaps and overlaps that need to be addressed. She supports the Productivity Commission's proposal for a gateway agency that



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oversees service and funding decisions. "The proposal suggests it will be a place where one goes and is given information about what services they need, what their financial situation is, and about the quality and cost of providers," Hixon notes.

### **Quest for Independence**

The Benevolent Society contends that the most important aspect of the draft report is a recognition that older people want to stay independent and in control of their lives. "It puts the spotlight back on what this is really all about," Squires says. "It's really all about older Australians. It's not about the livelihood of (aged-care) providers. It's about older Australians living well. It's about all of us eventually."

If the suggested changes are adopted, Squires says it should be easier for older people to "age in place" and stay in their homes until they die rather than being placed in an aged-care facility. The present system imposes quotas on the provision of care, with aged-care providers bidding for residential care and community care places. The report advocates removing such quotas and allowing individuals greater freedom to determine their own needs. Funding for housing and care services would be separate, giving the elderly the option to live in their own homes while still accessing a range of aged-care services. "It's getting away from an assumption that all older people will have to go to nursing homes and that the answer is more and more nursing homes," Squires says.

The Benevolent Society also welcomes the Productivity Commission's support for the removal of stamp duties, relaxation of the pension assets test and other disincentives for older Australian home-owners to move to more suitable housing as they age.

### **Sandwich generation**

Family members often find themselves in the invidious position of having to provide in-home care for loved ones. "It's that sandwich generation, caught between raising their children and caring for their mum and dad while they're trying to live their own lives at the same time," Hixon says. "Usually what happens is (they) finally say, 'I can't do this anymore. This is just too much. We need to get formal services in'."

She believes the burden will be somewhat alleviated under the proposed new model, which raises the possibility of entitlements to planned and emergency respite care for the elderly along with education, training, counselling and peer group support for carers.

"The commission proposes services, such as in-home respite – that bring the formal care system into a home to relieve the family caregivers once in a while so they don't have to be there every day and so they don't burn out."

A daunting estimate from the Productivity Commission is that the number of people aged 85 and over will increase from 400,000 in 2010 to 1.8 million by 2050.

No doubt baby boomers will age differently compared to older people in the past, says Jill Pretty, CEO of peak industry body [Aged and Community Services of NSW and ACT](#). People aged between 65 and 80 are likely to be healthier than their predecessors, and they will live longer. This will place different strains on the aged-care system.

"The people you'll be preparing for will be the over-85s. That's when health tends to deteriorate and the incidences of dementia increase," Pretty says. "We're not particularly familiar with looking after that very, very old cohort."

One "weakness" in the report is a failure to address from where the aged-care workforce will be drawn, Pretty contends. "I think the workforce at the moment is a real problem and with an ageing population and less younger people to enter the workforce, that's a key component. People have talked about immigration as a possibility, keeping mature-aged workers in the workforce longer and all of these sorts of options. But the workforce is going to be a challenge... If we can make aged care more attractive and there are more career options and perhaps better wages, there will be opportunities for people to work in the sector because it is a rewarding career."

### **Ageing in Place**

Another key factor is that it is expected more baby boomers will want to stay at home to age.

Along with proposed changes to government funding, aged-care providers face the prospect of lower occupancy rates. In the past, providers have typically enjoyed 98% to complete occupancy, but Aged and Community Services NSW and ACT believes that figure is currently closer to about 92%.

Pretty says such forces will put pressure on providers.

"We believe that occupancy rates will become a real issue and that people will have to market their services to attract consumers to want to access their services because they're offering something different from the facility down the road."

Conflicting economic drivers make it difficult to establish whether ageing in place is more cost-effective than in an aged-care facility at the margins. Hixon concedes that care provided at home is not always as efficient as it is in a nursing home. "Let's say you're giving baths, if you're in a nursing home you can give baths very efficiently because an aide can go from room to room more quickly. By contrast, sending carers out to bathe clients under a community care model will inevitably result in higher per-unit costs because of travel requirements."

Yet, it's very important that we understand that such equations do not capture the full story, according to Hixon, who says there is an intrinsic value in meeting people's desire to stay in their own homes. "There is a harder-to-calculate benefit associated simply with being at home and if you're doing a cost-benefit (analysis), it's not so straight forward."

Pretty adds that there are other savings to be made by keeping people out of aged-care homes. For a start, government infrastructure costs for buildings will be lower, while individuals staying in their own homes will inevitably pay for some of their own utility costs. "The most expensive component in residential care is the building and you remove that because the person's living in their own home, (so) there would be some cost savings."

Pretty believes ageing at home will become more viable and popular, especially if the recommendations of the Productivity Commission draft report are adopted. It is not for everyone, though. "I think that ageing in place will become much more the norm, but we still believe residential care will provide a key component of service delivery, especially for people at the end of life and especially for people who have advanced dementia," predicts Hixon.

## **The Housing Dilemma**

Concerns over the affordability of housing for older people are integral to the question of aged care. The Productivity Commission has flagged the idea of income-contingent loans that would allow people to borrow against the equity in their home without jeopardising their pension. Hixon says the move could potentially unlock wealth that is traditionally tied up in people's main asset, their home. "(Such a policy is) saying we're going to make it easier for you to sell your house, to not cling to a home that's probably not appropriate for you anymore," she explains.

Alternatively, if people prefer to stay in their homes, there is discussion about government-sponsored "reverse mortgages" allowing residents to make daily or weekly payments for aged-care services rather than the present system of providing an accommodation bond.

Housing is a key factor when considering ageing in place. Squires says providing housing that can cater for older people until the end of their lives will make ageing more pleasant and allow easier service provision. "Where people have housing that is well-designed and well-located, that actually helps people to stay independent for longer and it supports their capacity to provide care for themselves and for their families and friends to be able to assist in supporting them," she notes.

The Benevolent Society has responded to such demand with the move towards a new housing demonstration project called Apartments for Life in the Sydney beachside suburb of Bondi. It hopes to start construction of the independent living village in the next few months. The age-friendly accommodation is designed to let the elderly live as independently as possible and maintain quality of life while drawing on community service organisations as required.

"We have the aim of 95% of people staying in the same apartment until the end of their life, being supported with community care services and never needing to go to a nursing home, and at the same time living really happy and socially connected lives," Squires says.

The apartments are modelled on a project by the Humanitas Foundation in the Netherlands and have facilities such as a café, a convenience store, meeting rooms, a wellness centre and a dementia day centre.

Squires says she could spend the rest of her life in such an apartment. "That's really the acid test; would I be prepared to live here? And very few providers of nursing homes would ever say that they would look forward to moving into their own nursing home."

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