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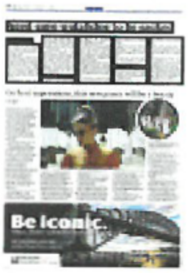


Aged-care watchdog to be sacked

Melissa Cunningham

The national aged-care watchdog will be shut down and replaced after it failed to detect and act on shocking cases of inadequate care, abuse and neglect.

The decision to establish a new aged-care watchdog was made by the federal government, following the release this week of a scathing report that found older people were at continued risk of harm because the Australian Aged Care Quality Agency could not be trusted to act.

The catalyst for change was a series of harrowing inquiries, including one by the federal government, into the Oakden home in South Australia, which investigated both the accreditation and complaints systems after a decade of mistreatment and mismedication of residents at the home, as well as a sexual assault by a carer and a murder by a resident.

An interim senate inquiry report this week revealed the committee was concerned about the watchdog's "repeated refusal to take responsibility for what occurred at Oakden".

Federal Aged Care Minister Ken Wyatt commissioned an independent review of the nation's aged-care audit system by former ACT chief minister Kate Carnell last year following the revelations about treatment at Oakden.

It's understood the new watchdog will mirror recommendations made by Ms Carnell for an independent Aged Care Quality and Safety Commission with centralised accreditation, compliance and complaints handling.

Lynda Saltarelli, from advocacy group Aged Care Crisis, welcomed the decision to dismantle the Quality Agency, but said any new model must be underpinned by transparency.

"We urge government to include a local and empowered oversight component closely tied to the community, which would identify and address problems much sooner," she said.

"Aged Care is one of the most vulnerable of all markets and residents must be protected. This cannot be managed via occasional visits."

The Age also reported allegations of misconduct in Victorian aged care facilities last year.

The Allambee Nursing Home in the Melbourne suburb of Cheltenham was accused of mistreatment and abuse and likened to "Guantanamo Bay" by a family member of a former patient.

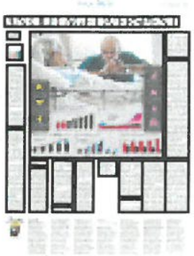
Mr Wyatt said the decision was part of an overhaul to ensure the abuse and neglect that occurred in South Australia never happened again.

"The health, safety and wellbeing of senior Australians in aged care is non-negotiable," he told Adelaide's *The Advertiser* on Wednesday.

"What happened inside Oakden was shocking and I am doing everything in my power to ensure the situation is never repeated."

The fallout has also prompted a House of Representatives committee to open a national inquiry into aged-care homes. Submissions for the inquiry are now open.

The minister's office declined to comment.



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AN OLD AGE OVERSPENT

The pressures of an ageing population are just emerging

JUDITH SLOAN
CONTRIBUTING ECONOMICS EDITOR

Australia spends more than 10 per cent of its gross domestic product on health. The federal government, the state and territory governments and individuals are contributing to the total spend of close to $200 billion a year.

Australia is not the highest spender on health, or the lowest. The US is an outlier when it comes to spending, at more than 17 per cent of GDP, but there are plenty of countries that spend more than Australia — France, Germany, Canada and the Nordic countries. Britain spends a little less while other examples of low spenders include Israel, South Korea, Greece (not surprisingly) and Hungary.

While it is true that overall spending on health in Australia has slowed in recent times — in the year ending 2015-16, for instance, spending rose by only 3.6 per cent, which is well below the 10-year average of 4.7 per cent — the pressures of an ageing population have only just begun to emerge.

Take a look at the figures. In 2012, people aged 65 and older made up 14 per cent of the population. In the likeliest scenario, this proportion will rise to 22 per cent in 2061, in just more than 40 years.

In 2012 there were 420,000 people 85 and older, making up 2 per cent of the population. This group is expected to grow rapidly to make up 5 per cent of the population in 2061.

Mind you, we can look at a time not so far away — 2040. As noted in the PricewaterhouseCoopers report Practical Innovation: Closing the Social Infrastructure Gap in Health and Ageing, commissioned by Australian Unity, there will be more than five million people aged 70 and older in 2040. It is also noted that 400 people are turning 75 each day.

It has been known for some time that older people require more from our health system. And obviously older people place demands on our aged-care system, in accommodation and services. These are among the challenges we face of an ageing society where the proportion of younger taxpayers to older people continues to fall.

The federal government has been aware of these challenges for some time. The first Intergenerational Report commissioned by treasurer Peter Costello and released in 2002 remarked that "already the commonwealth government spends over 10 per cent of GDP on health, aged care and the social safety net".

"In forty years' time, spending on these areas could rise by half again. Health spending will grow mainly because the community expects to be able to use new and better tests and treatments and, to a lesser extent, because of population ageing. Aged care and age pension payments will grow because the population is ageing," the report stated.

It is interesting to ponder what plans have been made by governments to deal with the challenges of an ageing society, particularly in relation to spending on health and aged care. That is, apart from releasing multiple reports containing the same messages. These have included all the Intergenerational Reports as well as the National Commission of Audit report released in 2014.

In that report, the audit commission noted "strong growth in (government) spending is in part driven by the ageing population ... An ageing population places pressure on government expenditure while the portion of the working-aged taxpayers is falling. Over the next 10 years, combined growth in spending on social security and welfare, health and education is projected to contribute the most to growth in total expenses."

Looking at spending on major government programs, particularly high rates of growth across the decade ending 2023-24 were projected for the Age Pension, Medicare Benefit Schedule, hospitals and aged care. (By far the highest growth rate was the National Disability Insurance Scheme.)

So let us think about the link between health spending and ageing. Because older people have more health problems, it is obvious that an ageing population will be associated with more health spending. That said, the relationship is complex because the (real) value of health spending on people of certain ages is not constant across time. There is also the complication of the rising incidence of chronic medical conditions among the population.

Taking the first point, what was appropriate for a 65-year-old or an 85-year-old in terms of treatment and health spending 20 years ago, say, is not so today. Today's 65-years-olds are in many ways fitter and more active. Twenty years ago, 85-year-olds were mainly frail and sedentary. There are now quite a few hale and hearty 85-year-olds. (My mother was one of them.)

By the same token, in 20 years, the pattern of treatment and health spending that applies to particular age groups will not be the same as it is today. This is why projections of what the future holds are fraught with uncertainty.

This point has been made by health specialist Stephen Duckett of the Grattan Institute. "People at