National Industry Association
for Disability Services

Submission to the Productivity Commission

Economic Implications of an Ageing Australia

This submission focuses principally on the interaction between ageing and disability, a key dimension in considering the implications of an ageing Australian population.

The submission does not comment on the Inquiry's Terms of Reference relating to the impact of an ageing population on Australia's overall productivity and economic growth or on future demographic trends for labour supply. It does mention the inefficiency that arises from the poor integration of aged care and disability service policies, which will have an adverse impact on economic outcomes.

Increasing demand for Ageing and Disability Services

As the Productivity Commission's Draft Report notes, by 2044 one quarter of Australians will be aged 65 years or more, about double the present proportion.[1]

With the ageing of Australia's population will come an increase in the incidence of disability. At present, one in 25 Australians (3.9%) aged under 65 years has a profound or severe core activity limitation (that is, they need help with one or more of self-care, mobility or communication). Among people aged 65 years and over this proportion rises to almost one in four, and among people 85 years and over it rises to 54%.[2]

It is estimated that from 1995 to 2041 the incidence of dementia will increase by 254%, compared to general population growth of only 40%. Dementia is a major determining factor in precipitating entry to residential care. At least 60% of people in high care facilities and 30% of people in low care facilities have dementia. Many more have an obvious cognitive impairment (90% high care; 54% low care).[3]

The population of people with lifelong disabilities is also ageing. For example, between 1998 and 2002 the average age of residents in group homes rose by 2.4 years.

People with lifelong disabilities have similar needs to others who are ageing, but have additional needs associated with the presence of a long-term disability. The needs

[1] Productivity Commission, *Economic Implications of an Ageing Australia*, Draft Research Report, November 2004.
[2] *Disability Ageing and Carers, 2003 Preliminary* Australian Bureau of Statistics, May 2004
[3] Alzheimer's Australia Fact sheet

that arise from ageing do not displace the needs that arise from a lifelong disability: they are in addition. Yet the funding formulae and policy rules that govern the aged care and disability service systems mostly deny a person simultaneous access to both systems.[4]

This situation is complicated by the 'premature ageing' of some people with lifelong disabilities. In middle age such people – for example, people with Down syndrome – will often display the effects of deteriorating health commonly associated with old age.[5] Government-dictated eligibility criteria that restrict access to aged care and disability services on the basis of age ignore this phenomenon of early ageing.

The carers – in particular the parents – on whom many people with lifelong disabilities rely are also growing old, and their capacity to provide care for their sons and daughters is diminishing as a consequence. There are an estimated 4,100 parents aged over 65 years who are caring for sons and daughters with disabilities at home and a further 2,200 caring for sons and daughters living elsewhere. Many of these carers need extra support and they want to know that alternative care arrangements will be available when they are no longer able to be the primary carer.

These trends have implications for the investment of public resources in aged care and disability services and for the interaction between service systems. At present, not only is funding failing to keep pace with the growing demand for services, but the funding formulae and administrative arrangements that govern the aged care and disability service systems seem to assume that a person is either disabled or aged, but cannot be both. They rarely allow for the growing human reality that a person may require a disability service and an aged care service simultaneously.

Service linkages

The ageing of the population points to the need for increased public investment in disability and aged care services and for improved linkages between service systems. A person with a disability who is ageing should have simultaneous access to both aged care and disability service systems and funding streams, according to their needs. The adoption of a person-centred approach to service planning would assist.

The need for an integrated approach is underlined by the conclusion of a recent Australian Institute of Health and Welfare report:[6]

> " … the development of more common or holistic approaches to the analysis of health and disability would minimise the risk of inappropriate application of results. The complexity of human functioning and disability is not something that statistical and policy analysts can escape from.

[4] Submission to the Senate Community Affairs References Committee Inquiry into Aged Care, ACROD, July 2004
[5] *Ageing in Place: Good Practice Sourcebook* Angela Dew and Tim Griffin, (Eds.) Centre for Developmental Disability Studies and Bernard Judd Foundation, May 2002
[6] The Australian Institute of Health and Welfare report on Disability to Health Conditions and other Factors dated December 2004.

> With 'whole of government' approaches increasingly demanding that services focus on the person as a whole, and not subdivide areas of life to align with service 'silos', the analysis of disability and long-term conditions requires a more holistic analytical approach. Health and community care services will increasingly deal with chronic and long term conditions, and support people long term in the community. As people move between these services over longer periods of time, the 'whole person' and contextual model of the International Classification of Functioning, Disability and Health (ICF) provides a useful conceptual and information network.
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> Understanding analytical methods and what policy purposes they suit (or do not suit) is a major responsibility of disability data analysts
> It may be time to work towards more common or holistic approaches to the analysis of health and disability to minimise the risk of inappropriate application of results: 'whole of government' polices require a 'whole person' analysis of health and disability, and this provides further motivation to seek less fragmented analysis."

The call for a whole-of-government approach to ageing is not new. Two decades ago, the United Nations recommended such an approach in its Vienna International Plan of Action on the Ageing: [7]

> "Ageing is a lifelong process and should be recognized as such. Preparation of the entire population for the later stages of life should be an integral part of social policies and encompass physical, psychological, cultural, religious, spiritual, economic, health and other factors.
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> The establishment of interdisciplinary and multisectoral machinery within Governments can be an effective means of ensuring that the question of the ageing of the population is taken into account in national development planning, that the needs of the elderly are given the attention they merit, and that the elderly are fully integrated into society."

Twenty years on, there remains a lack of adequate linkages and pathways between the aged care, health, housing and disability service systems.

In the context of disability housing (but more broadly applicable), a recent report has argued that Commonwealth/State agreements need to be strategically overviewed to ensure clear articulation of key principles and harmonisation of those principles across programs. While policy reform directions are clear and much has already been achieved, the report says, there are still major issues associated with achieving a whole-of-government or cross-jurisdictional basis for the appropriate funding and administration of care and support for older and younger people with a disability. It concludes that the poor coordination, complexity and piecemeal nature of the current system are seriously impeding reform outcomes.[8]

At present, bureaucratic and jurisdictional boundaries impede effective service delivery to people with disabilities who are ageing. For people with long-term disabilities who are growing old, this is particularly so. Such people often search in vain for effective pathways between Commonwealth and State disability service systems, and between aged care and disability service systems.

Ageing people with lifelong disabilities who live in community group homes are denied community nursing, palliative care, dementia support and allied services, because the services are administered by different levels of government. Effectively

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[7] The *Vienna International Plan of Action on Ageing* endorsed by the United Nations General Assembly in 1982 (resolution 37/51

[8] Australian Housing and Urban Research Institute Final Report – Housing and care for younger and older adults with disabilities. May 2002

these people are denied the right to 'age in place[9], a right that the broader community expects.

Similar boundaries make it difficult for an ageing supported employee in a business service to retire.

The boundaries are reinforced by the mutual suspicion of cost-shifting between governments and their focus on *managing* rather than *responding* to demand. Because demand for services (both aged care and disability) perpetually exceeds supply, more policy effort goes into determining equitable rationing methods than into ways of improving access to services. The result is service systems that lack flexibility.

In the third Commonwealth State and Territory Disability Agreement (CSTDA), Disability Ministers have, in principle, supported the creation of improved cross-jurisdictional service linkages. This is one of five policy principles embedded in the multilateral agreement, although its focus is on linkages between disability services rather than between aged care and disability services.

The Department of Health and Ageing's Innovative Pool pilot is an example of a funding model that – although modest in its scope and resources – does indicate a way forward. It enables Aged Care funding to be used to top up State Disability Services funding to reflect the fact that people with lifelong disabilities may develop additional needs as a consequence of ageing. That principle should be more broadly applied.

The adoption of a person-centred approach to service planning in both aged care and disability services would also assist. Such an approach – which constructs customised packages of support to fit the needs and wishes of the individual, rather than trying to make individuals fit into pre-set categories – is increasingly recognised as good practice in human services.

Improving the access of ageing people with disabilities to generic services (such as health and transport) would both advance the goal of community inclusion and reduce demand pressure on specialist disability services. There is evidence that people with intellectual disabilities, for example, have poorer health outcomes and access to health services, especially preventative health care, than the general population.[10] People with disabilities – in particular those with intellectual, psychiatric or cognitive disabilities - often also experience the aged care system as ill equipped to respond to their needs.

Disability Ministers have acknowledged the need to improve the access of people with disabilities to generic services and have listed that among their policy priorities for the third CSTDA. A successful implementation of this policy priority will require Disability Ministers to persuade their colleagues of the need for a genuinely whole-of-government approach.

Better access to generic services is not a substitute for increased investment in specialist disability services. Both are needed.

Conclusion

[9] Refers to a person's choice to stay in a familiar environment, close to peers and with access to age-appropriate activities and interests

[10] Durvasula and Beange, Health inequalities in people with intellectual disability: strategies for improvement, in Health Promotion Journal of Australia 2001, Vol 11 (1).

The interaction with disability is a crucial dimension of the ageing of Australia's population. It has implications for the planning, administration, funding, design and provision of both aged care and disability services. A strategy to address these inter-related issues should enable:

- a person with a disability who is ageing to have simultaneous access to both aged care and disability services and funding streams, according to their needs. The adoption of a person-centred approach to service planning and design would assist.

- an improved interface (including sharing of skills) between the aged care and disability service systems, generating administrative efficiency and better pathways between services; and

- adequate provision of formal services and response to demand growth - including increased support for unpaid carers, without whom demand would be much higher.

February 2005

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About ACROD

ACROD is the national peak body for disability services. Its purpose is to equip and enable its members to develop quality services and life opportunities for Australians with disabilities. ACROD's membership includes over 550 non-government, non-profit organisations, which collectively operate several thousand services for Australians with all types of disabilities. ACROD has a National Secretariat in Canberra and offices in every State and Territory.

Among its national policy advisory committees is one on Ageing and Disability, which includes representatives from all States and Territories and from aged care peak bodies.

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