

## ***Living Longer, Living Better***

**Aged Care Conference, Adelaide, 6 August 2012**

**Speech by Professor Peter Shergold,**

**Chair, Aged Care Reform Implementation Council**

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Thank you for the opportunity to participate in this important forum.

This is my first official presentation as Chairman of the Aged Care Reform Implementation Council. I come to the role with a sense both of trepidation and anticipation. It is difficult to imagine an area of public policy that is more important than aged care or one which is more challenging.

It seems to me that access to lifelong learning, the ability to have a productive and fulfilling working life, enjoyment of good health and well-being and an assurance of care as one becomes aged and frail are four cornerstones of a civil and harmonious society. To some extent these rights of citizenship are the responsibility of individuals making their own decisions. They also rely upon the effective operation of competitive markets, the extraordinary support of community organisations (many of which are represented here today) and the facilitative intervention and regulatory protections of governments. The challenge is to get the balance right.

Aged care reform is expensive. Given that Australia is experiencing a demographic transition, with our population ageing at an unprecedented rate, it is scarcely surprising that costs are increasing. For governments, expenditure on aged care – through pensions, subsidies, concessions, services, programs and quality assurance – represents a significant investment in creating a caring, responsive and socially inclusive society. As I see it, the Council's role is to help ensure the Australian community that it is getting the best social rates of return on that substantial investment.

I come to this position with form. I care about public administration. I see public service as a vocation. Public policy has been the common thread throughout virtually my whole working life. It continues to tie together my roles in the public, private, academic and community sectors. As a Commonwealth public servant for two decades I helped to deliver programs in areas as diverse as multicultural affairs, Indigenous services, workers' compensation, small business, workplace relations, and employment, education and training.

I enjoyed contributing to the development of public policy. I hope I learned from my mistakes. Over 20 years I became certain of one thing: it is the impact of government policy – based on its implementation – that determines public value.

My strong sense is that talking about public policy is relatively easy, that designing public policy is hard, but that making public policy happen is even more difficult.

One can't judge the virtue of government policy other than on the basis of how effectively it is implemented: it is pointless to extol the funding committed to a policy, the elegance of its design or the worthiness of its goals if it is not delivered in a manner that reflects those attributes. That's why, when I was Secretary of the Department of the Prime Minister and Cabinet, I established a Cabinet Implementation Unit to provide regular assurance to government that policy delivery was on track and, if not, to identify how obstacles might be overcome.

The challenge of effective implementation is particularly daunting when governments are engaged in changes of such broad scope as underpin aged care reform. That's why it is even more important. Older Australians, looking to an improvement in aged care services, should insist: "Don't tell me this package is good, show me. Don't claim that these measures will create a fairer and more equitable society, prove it. Don't talk, act. Don't promise, deliver."

This is not the sudden epiphany of a hardened bureaucrat. I took a strong and public position during my years in the Australian Public Service. I argued in countless forums that policy means little if it is not implemented with vigour, by administrators who display a bias for action and focus on outcomes.

It's from that perspective that I am delighted that the Commonwealth Government, and Minister Mark Butler in particular, understands this. The evidence lies in the creation of the Aged Care Reform Implementation Council. An independent body, it has been established to increase the likelihood that aged care reform will deliver over ten years what has been designed, negotiated and promised.

The Aged Care Reform Implementation Council – I wonder for how long I can continue to avoid the rather unflattering acronym – is about getting things done. That's what attracted me to its Chairmanship. I think that is what persuaded others to join the Council. Certainly they are a talented and highly experienced group: The Hon. Susan Ryan AO; Professor Ann Harding; Professor Henry Brodaty AO; Mr Jeff Lawrence, and Mr Rauf Soulio. The head of the Aged Care Financing Authority, Lynda O'Grady, is an ex-officio member.

The Council has the responsibility to ensure that good public policy is implemented effectively. Where it is working well and as intended, we will monitor and report. Where there are doubts we will measure and evaluate. Where there are concerns about impact or effectiveness, we will suggest remedies or improvements.

As Chair of the Council, I hope that the experience I have had in the public service will be useful in seeking to ensure that the Government's policy is delivered on schedule and on budget and, most importantly, to the increased expectations of the Australian community.

The diverse knowledge and expertise of my fellow Council members will enable us to deliver independent and frank advice to the Minister for Mental Health and Ageing. I look forward to working with the Council. We have our inaugural meeting tomorrow. I hope that our common commitment will help drive the reform agenda forward.

Already I have a strong sense of how we will need to operate as we oversight the introduction of aged care reforms.

We will be vigilant and careful in scrutinising progress.

We will be action-oriented and committed to effective implementation.

We will be flexible, focussed on outcomes rather than hung up on process. Performance, not just compliance, will be our benchmark.

We will set high store on open communication and transparency.

We will work with the sector to manage the transition to new arrangements.

Our focus will be on the people who make aged care happen – whether they are providers or consumers, public servants or aged care employees, and regardless of whether they work in the private or not-for-profit sectors. We need to listen to their disparate views, understand their different perspectives and harness their diverse contributions.

As the Minister said in his address this morning, aged care reform is essential. The impact of an ageing population places great pressures on our aged care system to meet future challenges. Change is necessary. The agenda has been set. Its key elements have been presented in the aged care reform package *Living Longer, Living Better*. The goals are clear.

Means testing arrangements will be made fairer.

Older Australians will be helped to make informed choices about their care and, something to which I attach the utmost importance, they will be given greater opportunity to determine for themselves how their care needs are to be provided. I hope that many will have the chance to manage self-directed budgets.

There will be more support and greater choice of services for the many older Australians who want to stay in their own homes for as long as they can.

Residential care arrangements will be restructured to ensure that future demand can be met.

Carers, who play a critical role in our aged care and disability system, will receive increased recognition and support.

The growing challenge of dementia will be addressed.

The question is whether these noble aspirations will be made manifest. Effective implementation of the objectives is the key to the success of the reforms. That's the shared responsibility of many stakeholders.

The Council has a particular but important role. This is a wide-ranging agenda. It has an ambitious timetable with explicit milestones. It will require good advice on implementation. The Council will provide that and, informed by its scrutiny of delivery, make recommendations on the further development of aged care reform.

The Council will independently monitor, evaluate and report to the Minister on the impact of the change process. It will also endeavour to ensure that the various components of the package are implemented coherently and consistently and that strong linkages are made between its separate elements in order to maximise the beneficial impact of the reforms.

The reforms will be progressively delivered over the next decade. This will enable consumers and providers to gain early benefits from key changes, while ensuring they have time to adapt and plan ahead.

The Council will work closely with the sector to assist in managing the transition. In 2016-17 there will be a major review to assess how the system has changed and adapted and its ability to undertake further reform.

The Council has significant responsibility to ensure that the Department of Health and Ageing, and other government agencies, implement the intended policy to the highest standards. We will stay

true to this goal throughout the implementation process. It is an important means of ensuring public accountability.

I do not underestimate the challenge. The reforms are far-reaching. Equally, it must be said, many of them are complex even for the experts. They make sweeping changes to existing frameworks and models. This makes it even more important that their implementation is closely monitored, and where necessary adjusted, to ensure that we are building a system that will meet the needs of future generations.

While the broad thrust of the aged care reform policy clearly sets out the way we need to go, we must be willing to retain flexibility in order to meet changing circumstances. We will learn by doing and we will do by learning.

In evaluating reforms as they are implemented, we will ask the pertinent questions. What's working and why? What's not working and why not? Are the individual components of the reform package fitting together coherently?

We will need to ascertain whether consumers are feeling more in control of the services they access. Are they able to move smoothly through the system? Are they empowered to confidently choose the services that are right for them? Are the particular needs of all ageing citizens being met, irrespective of race, ethnicity, religion or sexual preference? Are quality standards being upheld?

We will also need to examine the impact of the reforms on the organisations that provide aged care support and accommodation. Are providers able to offer the services that people want, while still running financially-sustainable businesses? Aged care residences, whether or not they are run for profit, are shared value businesses. They need to deliver financial as well as social returns or they will not survive.

The Council won't be addressing these questions on its own. Rather we will collaborate with all the key players to ensure that the reforms actually work. This is a package that had its origins in listening to stakeholders. Now, as we enter the implementation phase, that process of consultation becomes even more necessary.

It's been said before – in fact, I think it was by me – that the making and delivery of public policy is far too important to be left to governments and public services. It is not just a matter of governments setting the policy and budgetary parameters and the public service taking the

responsibility of delivering directly or by contracting to outside organisations. Public policy, at its best, should be co-produced and co-managed.

Policy implementation is about process – but only up to a point. First and foremost it is about people. In undertaking its mandate the Council will seek to engage with all stakeholders – those who make and fund the policy and those who advocate for it; those who deliver aged care and those who benefit from it.

In areas such as aged care, we need to have a real sense of new forms of network governance in which all players – governments, the public service and the diversity of aged care providers, carers and advocates – are working together to a common purpose. The Council will be seeking to facilitate this.

Older Australians, too, need to be given a voice. I look to a future in which aged care provision will be driven more by the people actually using the system and less by government regulation.

The Council wants to ensure that all stakeholders are actively and genuinely engaged in every step of the rollout. We are conscious that there will be different opinions driven by different perspectives. We recognise it will be tough to get the mix right between consumer needs and providers' business imperatives. We are aware of the challenge when citizen expectations increase faster than the capacity of governments to deliver.

The Council appreciates that it will only be by finding common ground between the diversity of private and community providers in the aged care industry that we will collectively be able to deliver best practice care in a responsible manner.

Finally, in its evaluation of outcomes the Council will focus on the people who really matter. An interwoven set of policies such as these can only be judged by their combined effectiveness. The key performance indicator is the positive impact of government policy on the lives of older people, their carers, their families and their loved ones.

None of this is easy. It is vital that an independent group such as ACRIC – there you go, I've finally succumbed to the acronym – is seen to be overseeing the implementation from the outset. That assurance is important: to those who receive aged care or will do in the future; to those who provide aged care services, at home or in residences; and to the increasing number of employees who work in the sector.

That commitment is also important if the broader community is to have trust in the quality of public administration. I genuinely believe that the effectiveness of the implementation of government policy is central to community support for democratic governance. That's never more necessary than today, when its institutions are under siege and when faith in political processes appears to be waning.

People have a legitimate right to expect government to be able to implement policy as well as make it. Poor implementation of policy – such as inadequate service levels, lack of timeliness or burdensome regulatory processes – risks public dissatisfaction. It erodes trust in the body politic.

Worse still, it means citizens do not get the care they need and the support to which they are entitled. In the case of our older population, that level of entitlement is mirrored by an obligation to them. In a real sense aged care is the repayment by society of a debt incurred.

So, how will we know that aged care reform is working?

The long answer is that we will know when people are able to tell us they have an aged care system that they can understand.

We will know when families have confidence in the capacity of the system to deliver quality services for themselves or their relatives.

We will know when the elderly can navigate a complex system without being shunted around or, worse, finding themselves lost or forgotten.

We will know when citizens are placed at the centre of decision-making and consumers can control and direct the services they need.

We will know when older Australians can retain the independence they want with the support they need to live in their own home for as long as they can.

We will know when aged care providers – big or small, community-based or privately operated – can tell us that they are getting the certainty they need to run a successful business, that they fully understand the market in which they operate and can price and allocate services accordingly.

We will know when we are able to respond to the needs and aspirations of carers so that their contribution is better valued, supported and shared.

We will know when more employees feel proud of making their careers in aged care.

That's the long answer. For the short answer, I need go no further than the title of the aged care reform package itself.

We will know when Australians are not only living longer but living better.

I hope that the Council will be able to contribute to that bold objective.

Thank you.