



Australian Government  
Productivity Commission

Trends in  
Aged Care Services:  
some implications

Productivity Commission  
Research Paper

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# Foreword

The ageing of Australia's population will call for the provision of aged care services to much larger numbers of people over the next few decades. Services will also need to meet the challenges posed by the increasing diversity of older people in terms of their care needs, preferences and affluence.

It is clearly important that our aged care sector is able to meet these challenges in ways that promote the wellbeing of the oldest generation, while being cost effective for the community as a whole. This study seeks to make a contribution to this by analysing major trends in both demand and supply over the next 40 years. The study then draws some implications for the future structure and mix of aged care services, the aged care workforce and for the capacity for greater productivity in the sector. The associated policy issues are complex. However, some prospective directions for reform have been identified which warrant further, more detailed analysis.

The report is part of a series of studies undertaken by the Productivity Commission to examine developments in different sectors of the Australian economy. It also builds on earlier work by the Commission in the areas of demographic change, health and aged care.

Gary Banks AO  
Chairman

September 2008



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# Abbreviations

ABS	Australian Bureau of Statistics
ACAA	Aged Care Association Australia
ACAT	Aged Care Assessment Team
ACFI	Aged Care Funding Instrument
ACSA	Aged and Community Services Australia
AHMAC	Australian Health Ministers' Advisory Council
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
ASIC	Australian Securities and Investment Commission
CACP	Community Aged Care Package
CAP	Conditional Adjustment Payment
CCDE	Cash and Counseling Demonstration and Evaluation
CEPA	Centre for Efficiency and Productivity Analysis
CHA	Catholic Health Australia
COAG	Council of Australian Governments
COP	Community Options Program
COPO	Commonwealth Own Purpose Outlays
CPI	Consumer Price Index
CURF	Confidentialised Unit Record File
DEA	Data Envelopment Analysis
DHAC	Department of Health and Aged Care
DoHA	Department of Health and Ageing
DVA	Department of Veterans' Affairs
EACH	Extended Aged Care at Home
EACHD	Extended Aged Care at Home Dementia
EBA	Enterprise Bargaining Agreement
FECCA	Federation of Ethnic Communities' Councils of Australia
GDP	Gross Domestic Product
HACC	Home and Community Care

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LAC	Local Area Coordination
LTC	Long Term Care
MDS	Minimum Data Set
MPS	Multipurpose Services
NATSEM	National Centre for Social and Economic Modelling
NILS	National Institute of Labour Studies
NRCP	National Respite for Carers Program
OECD	Organisation for Economic Co-operation and Development
PC	Productivity Commission
RCS	Resident Classification Scale
RN	Registered Nurse
SCARC	Senate Community Affairs Reference Committee
SFA	Stochastic Frontier Analysis
TAFE	Technical and Further Education
TCP	Transition Care Program
UCCO	UnitingCare Community Options
VHC	Veteran's Home Care
WCOP	Wisconsin Community Options Program
WHO	World Health Organization