

Appendix 2: Analysis of aged care as a failed complex social system

Aged Care Crisis Inc.

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1 Executive Summary

Analysts of complex social and socio-ecologic systems have used a model to show how balanced systems function to produce desired outcomes. When they become unbalanced they fail to do so. They describe the difficulties in correcting failed systems. They use a second model to show how failed systems go through repeated cycles in which they continue to deteriorate in spite of efforts to correct them. Analysing in this way provides insight into what is needed.

We have:

1. Applied the two models that illustrate this behaviour to aged care. It is clear that it fits well. We have just completed the 2nd cycle of ever-greater failure.

We also use the second model to show what needs to be done to break out of the cycle of repeated failure and return the system to a balanced one that produces desired outcomes. This is never easy as vested interests often resist change.

It is easiest to break out of the cycle towards the end of the cycle when the problems are exposed and before the next cycle begins. Towards the end of the first cycle in aged care in the 1980s, attempts to do what was required were frustrated by vested interests who took control. Instead we entered the second cycle.

The second cycle has now reached the same stage. The opportunity to make those changes is here now. If not done, the opportunity will be lost and the third cycle will start and it will be much more resistant to change.

2. We compare what is happening now with what was happening during the first cycle when reform was blocked by vested interests, in order to see how the context and the forces differ. We conclude that there are some factors which now operate that will make it easier to initiate change and others which will make it more difficult.

Similar problems have occurred in many other sectors across society. A number of individuals and groups have continued to press for the sort of changes the models suggest are needed in society and government generally, as well as in other sectors specifically.

In aged care a small number, including Aged Care Crisis, have advocated for the sort of changes the model suggests are needed. In November 2020 the Grattan Institute released a report in which they recommended the sort of changes that are needed to set these types of reforms in motion and from which other needed changes can be developed.

3. We complete our analysis by examining the way in which the Royal Commission is addressing the issues and the likelihood that they will start us down the path to real reform.

We are concerned by the extent to which they have engaged with vested interests and accepted their views. We have a number of issues and consider that there are matters that they have overlooked. It is clear that they will make recommendations that will address obvious problems like funding and staffing and this will be beneficial. These are not sufficient to break the cycle. We doubt but still hope that they will consider and address the root causes identified and adopt the Grattan recommendations.

We conclude that the Royal Commission is unlikely to come up with a magic bullet to escape from the cycle, although government and industry will promote it as such. It is only the beginning of a difficult process if we are to get the needed changes.

The Royal Commission will set the starting line in a favourable or an unfavourable or even impossible position. Real change will only happen if politicians who understand what is happening work closely with citizens. They should start working on that sooner rather than later.

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We argue for a Community driven system that effectively balances the self-serving perverse economic and commercial forces with community forces that embrace the empathic humanitarian values and sense of responsibility that are the basis for our social selves. Such a system would protect the care given while checking financial profligacy.

A system in which providers are directly responsible to the communities they serve would free local management and staff from the perverse competitive pressures in the market. This would allow them to resist managerial pressures and so freely express their humanity. Success in the aged care market would depend on their doing that. Instead of being imposed and tokenised, open disclosure and cooperative continuous improvement would be institutionalised.

2 Introduction

Those who study complex social or socio-ecological systems find that they function well and produce desired outcomes when there is a balance of forces at play¹. They are able to respond to new developments and maintain a changing but contained equilibrium. They have the capacity to adapt to change and the resilience to resist shocks. These analysts use two models to explain what happens in these complex systems when they fail.

They have been used primarily to study and then increase the resilience of ecological systems. We have applied them to aged care which fits the model and where the same principles can be seen to apply. (see note at end of analysis)

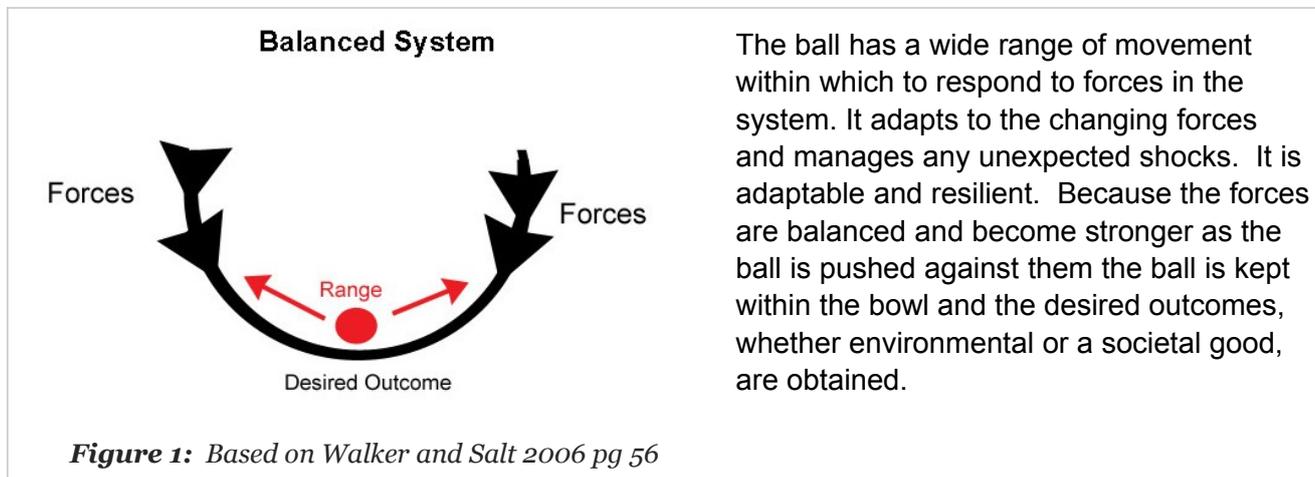
Analysing aged care within the models, which they have identified as representing what happens in these complex systems, provides useful broad insights. Aged Care is a complex social system. The models lend support to a very different structure to that which we have in aged care.

¹ Walker, B. & Salt, D. (2006) Resilience thinking: Sustaining Ecosystems and People in a Changing World. Island press

3 The ball in a bowl model

3.1 A balanced system

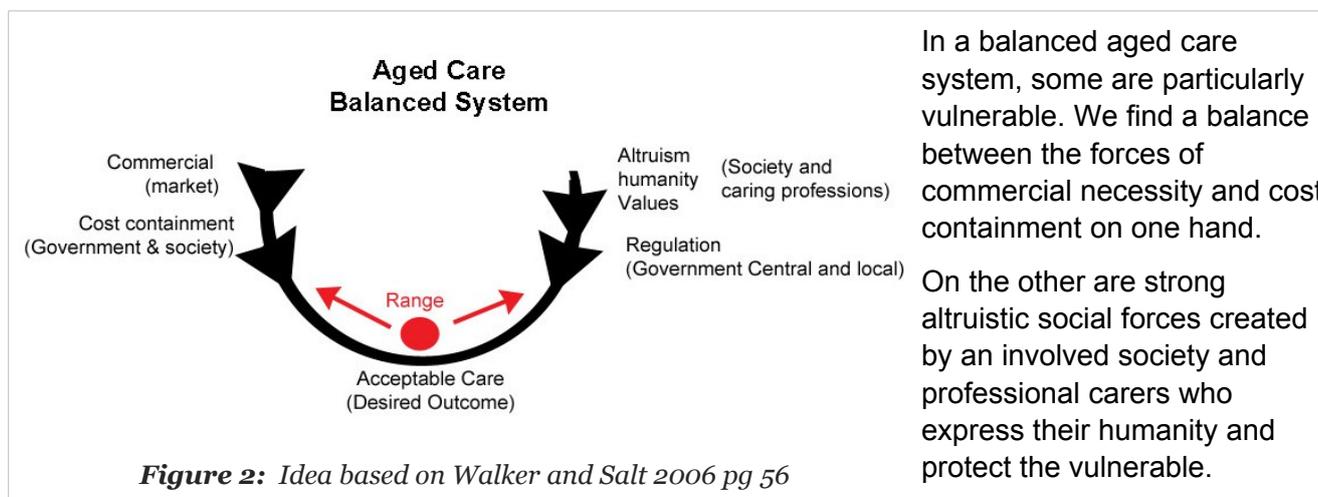
These social systems can be thought of as a ball rolling about in the bottom of a bowl. Many forces on each side are balanced so that they push the ball about around the bottom of the bowl.



Caring for others in our society ultimately relies on our ‘social selves’. As socially responsible citizens we give expression to our humanity, our social values and our altruism. We form empathic caring relationships with those who need our help. Professional carers are motivated by, embrace and operate within these value systems.

Aged care: We expect caring systems to adhere to these principles. The social pressures that we as a society and as professionals generate in a balanced system are critically important in ensuring that the system is protected from other forces including commercial self-interest.

When more care is required we press for more staff and the system responds. When we lack the funds, the system conserves resources within acceptable limits. This is particularly important in sectors like health and aged care, where the recipients are vulnerable and unable to exert strong pressure themselves. They need support and assistance.



Regulatory oversight supports society and penalises breeches. Probity regulations restrict licenses to operate to those who are considered ‘fit and proper’ and so can be trusted. This gives regulatory form and so greater legitimacy and force to community expectations and values.

There is a wide range within which to respond while keeping care within acceptable standards. The ball responds to the competing but balanced pressures from economic issues on one hand or increased need for care and to crises like pandemics on the other.

3.2 An unbalanced system

When strong forces are unbalanced then the ball may be pushed over the edge of the bowl, called a threshold or tipping point. It also happens when balancing forces are too weak so the edge of the bowl is lower.

The ball is pushed over into another bowl and rolls to the bottom. The forces are balanced differently and the system is changed. They produce different outcomes to those desired.

Note that the second bowl is much lower and it can be very difficult to get the ball back up over the threshold to get the social or environmental system working to produce desirable outcomes again. It is now wedged closely at the narrow bottom of the bowl by strong forces and there is little room to adapt or respond to changes or crises.

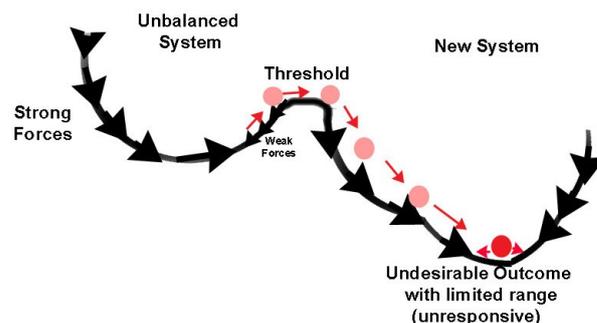


Figure 3: Based on Walker and Salt 2006 pg 56

In aged care: When a caring system is subjected to strong commercial pressures and self-interest dominates or when the capacity of citizens and communities to express their humanity is impaired, then the system starts to become unbalanced. Market pressures on care have increased markedly at the same time as the countering societal and professional forces have been eroded.

We soon see care provided to those who don't need it and there is over-servicing. Spiraling costs cause the government to make greater efforts to reduce expenditure which puts more pressure on care.

These unbalanced pressures push the ball over the threshold into another bowl. There is little resistance.

Figure 4: Based on Walker and Salt 2006 pg 56

The system becomes dysfunctional. 'Care', the desired outcome, is compromised. It is wedged by pressures and unable to adapt to change (aged care bulge and increasing resident acuity) or to a crisis like COVID-19. We see neglect and abuse instead.

Neoliberal philosophy and centralised management strategies, which play on self-interest to obtain commercial objectives, have compounded the problem by increasing the commercial and market pressure.

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Neoliberalism pushed community aside and undermined the autonomy of the professions and their value systems, and so their power in the system. At the same time it has weakened the balancing forces by drastically reducing regulation. Probity regulations were repealed in 1997.

Self-interest has neutralised altruism and community values. As a dominant one size fits all ideology Neoliberalism leaves no room for compromise. It has made the system much more unbalanced and lowered the threshold further.

This happened in both aged care and health care in the USA. The power of the US medical profession to resist this was undermined by legislation. They failed to confront these pressures.

In health care in Australia, the medical profession saw what had happened in the USA. They successfully resisted similar legislation in 1998 then rallied and used their market power to contain these pressures putting those who ignored professional values out of business.

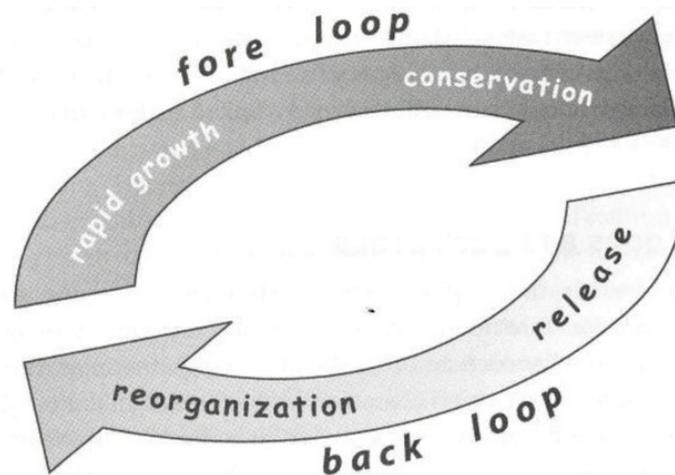
As a consequence the balance was maintained and our health system has continued to function in the face of strong ongoing pressures. The profession had no power in aged care in either country and aged care was pushed over the threshold in both. We are seeing the consequences.

4 The fore and back loops model

In complex social and socio-ecological systems that are failing, a pattern of behaviour has been identified and it provides important additional insights. Another model illustrates what happens.

When the system is unbalanced there is a cycle that repeats itself. It consists of a fore loop in which the system develops and a back loop when its failures are recognised and attempts are made to address them. The loop then starts all over again and unless major changes have been made repeats itself. The system continues to deteriorate.

Figure 5: Reproduced from Walker and Salt 2006 pg 82



In the **rapid growth** phase the dysfunctional system is set up in response to the pressures. In the **conservation stage** it is refined further, rigorously applied and tightly controlled. The system steadily deteriorates during this phase. It is very resistant to any pressure for change.

The system continues to deteriorate until the failures are so great that they can no longer be denied. The back loop starts with the exposure of what has been happening. The participants are discredited and in the **release phase** are released from the tight control. It then moves to a stage of **reorganisation** when new policies and practices are developed. The cycle starts again.

They also note that the response to failure during reorganisation is likely to be increased centralisation and more controlling management. It becomes process driven, more specialised and efforts are made to increase its efficiency. In doing so there is less redundancy. It becomes even more inflexible, unable to adapt to change and less resilient to unexpected shocks. It fails again and the back loop starts again.

The re-organisation phase is less resistant to change than the other phases. It is an opportunity where advocates who understand the problems can generate real change. That is seldom plain sailing. There are usually powerful vested interests who will strongly resist needed changes in order to protect their interests. When they prevail we get another cycle of centralisation, more management and more process and it all happens again, often deteriorating further.

Getting back into balance: When these analysts examined systems that had changed and come back into balance, they noted that these were systems where the response had been very different. They had decentralised and moved management and oversight into regions. Here they developed a network of community and local groups who cooperated and worked together to manage the system. Clearly central integration and support would not have been abandoned but the system was managed locally and the local networks restored the balance.

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Those who studied this found that such a system was less efficient as there was more redundancy. Problems and changing situations were detected early. Because of the greater redundancy and increased flexibility they were able to adapt and respond quickly and flexibly. It was more resilient to unexpected shocks. The systems came back into balance. It is interesting to look at how proposals to follow this path have been rejected in aged care.

5 Our observations in vulnerable sectors

Our own observation of vulnerable care systems that fail is that it is those who are able to do what the failed dominant forces and paradigms demand, become successful and so credible authorities. This happens even when the system is obviously failing. They more readily ignore or explain away the failures and maintain their credibility in spite of the failures.

The failing system maintains its legitimacy by selecting for those who are the least responsive to failures. They either ignore them or find plausible sounding rationalisations. These are the most unsuitable for care. A perverse form of Social Darwinism operates. It selects for the least suitable for care because they are more successful in the marketplace.

If the paradigms are finally rejected as unsuitable during the reorganisation phase and new ones adopted, many of the same people seem able to rapidly convert and adopt the new paradigms. They embrace and assert them in a similar dominant manner and emerge from the process as the new leaders. The system centralises and becomes managed by them again.

These new paradigms can in turn become too dominant and become a new '*one size fits all*' solution with the same people leading the way. It too rejects alternative insights, becomes inflexible and unresponsive, lacking adaptability and resilience.

This seems to be a matter of character. Those involved have a need for certainty and dominance. They are therefore resistant to webs of social networks that bring alternative perspectives, critical analysis and debate.

In our view this difference in character is best considered as a continuum between closed-minded and open minded or reflective characteristics. Closed-minded people are those who are unable to handle the uncertainty of complexity. Open-minded people are those with the capacity to work with multiple conflicting paradigms and choose a suitable path to follow.

This is a matter of character and not intelligence. It seems to be a function of an individual's vulnerability to, or tolerance of dissonance. It is how we use our intelligence. The intelligent closed minded personality will use it to defend rather than challenge ideology.

It is useful to also examine the sort of situations that cause citizens who might otherwise be reflective and open minded to move along the spectrum and become closed minded followers.

During evolution when flight and fight (warfare) were required decisive leaders and simple ideas had survival benefits. Stress causes the herd to conform and follow the leader. Politicians realise this too! In a stable situation we become more reflective and open minded. We are receptive to alternative points of view and so ready to think critically and embrace change.

The 21st century with its many complex issues might be better with a reflective involved society that brings many eyes to the debate and challenges beliefs that don't or won't work. It would generate 'wise' reflective leaders to guide the debate and implement the ideas that emerge logically. Leaders like this have been lacking at a time when they are desperately needed.

6 Applying the second model to aged care

In aged care there seems to have been a balance of sorts between federation in 1901 and a few years after the end of World War II in 1945. Care was largely provided by government, religious and charitable institutions.

Life expectancy was increasing and the post-war welfare society realised that more needed to be done. In response to the pressure, government started providing more funding during the 1950s.

6.1 The first cycle

In the early 1960s government thought that for-profit providers of care would provide care more efficiently and started paying a contribution per resident. They favoured for-profit providers of care. The time periods are approximations.

The first Fore loop

Rapid growth phase (1960 to 1970): Private investors saw nursing homes as '*low risk, high profit financial ventures*'.² The floodgates were opened and the sector expanded rapidly. This was the phase of *rapid growth*. Ninety-five percent of growth over the first 6 years was non-government and most of that was by for-profit groups who came for the money³. A new powerful force had been introduced.

The balancing forces in the system changed and by the 1970s for profits owned almost twice as many nursing homes as nonprofits. About 25% of residents did not need to be there and could be cared for more cheaply elsewhere. Australia soon had more nursing homes per older community and was paying a greater share of GDP than most other countries. At the same time some providers were reluctant to accept those needing more extensive care until additional funding was provided.

Conservation phase (1970 to 1982): This was the resistant conservation phase. Government tried financial levers, encouraged home care and hostels for those who did not need nursing. They changed the funding system and set staffing levels that were totally inadequate and unsafe. Three states refused to comply. During this period there were several inquiries and recommendations were made. The system was resistant to all efforts and by 1982 Australia had one of the highest rates of residential care in the world.

The first back loop

Release phase (1982 to 1985): The system was also failing those it was supposed to care for and the number of damning criticisms in the press started to grow. The system had now entered the release stage. A Senate committee under senator Giles investigated and the report in 1985 found extensive abuse and neglect across the private sector. It was remarkably similar to the report of the Royal Commission into aged care in 2020 and documented what had been happening. The reputation of the industry was in tatters.

² Giles, P. (1985) Private Nursing Homes in Australia: their conduct, administration and ownership Report. Senate Select Committee on Private Hospitals and Nursing Homes. Parliamentary Paper No. 159/1985 <http://bit.ly/2WYDxY8>

³ Fine, M. (1999). The responsibility for child and aged care shaping policies for the future. Social Policy Research Centre Discussion Paper 105 <https://www.sprc.unsw.edu.au/media/SPRCFile/dp105.pdf>

The reorganisation phase fails (1986 to 1997): The Coleman review⁴ in 1975 and the 1982 McLeay review⁵ both identified the problems. They as well as the Giles (1985)³⁶ and Ronalds (1989)⁶ reports considered that aged care was too complex and variable to be managed centrally and that regional and local management should be encouraged and supported. The Giles and Ronalds' reports suggested minimum staffing ratios, Quality Indicators, community involvement in oversight, a community visitors scheme to watch over residents and an independent advocacy service to act as an advocate for the system as well as for those receiving care.

The Hawke Labor government commenced a 10-year reform program based on these inquiries. A frequently on site regulatory system that identified problems and bored down into them was commenced. Funding for staffing and care was paid separately and protected from profit taking.

Powerful vested interests among the providers strongly opposed these changes and resisted. Many of these recommendations were never implemented and we are still talking about them today. Others were watered down and became a pale shadow of what the reports had intended. The system was gradually centralised.

By now neoliberal free market philosophy was sweeping across the world. It appealed to businessmen, economists and politicians. It claimed that markets worked best if they were freed from any regulatory restrictions or control by society. If there was a problem any controlling forces should be removed. This was a gift to for-profit providers who were smarting under the reforms. They started exerting greater pressure. Public anger had by now evaporated and they had little opposition.

Support for the reforms waned during the early 1990s under Prime Minister Keating. The industry was by now working closely with the Liberal Party which was swept to power in 1996.

6.2 The second cycle

The second cycle creates a sense of déjà vu as we repeat the first cycle but on steroids. There is a far greater focus on markets, competitive pressures and centralisation on the one hand. On the other, regions and community are simply ignored. Instead tokenistic claims are made to empowering individuals by providing industry-generated information on a central web site.

The second rapid growth phase: 1997 to 2000

Neoliberalism became ascendant. The system rapidly became centrally managed and process driven. Government and community restraints were pushed aside and all restrictions on the market removed including effective regulation, probity requirements, staffing requirements and accountability for how money was spent.

A recently released 1997 cabinet memo⁷ shows that government's primary focus was on containing costs and it did this by controlling funding. It relied on market competition to drive efficiency and keep costs down. All participants had to compete in this market in order to survive.

The pressures introduced were far more powerful than they had been in the 1960s and 1970's. Many warnings about these policies for society, for health care and aged care were ignored.

⁴ Coleman, M. (1975). *Care of the aged*. Social welfare commission report <https://bit.ly/2KQ57ou>

⁵ McLeay L (1982) 'In a home or at home: accommodation and home care for the aged' Report from the House of Representatives Standing Committee on Expenditure. <http://bit.ly/3aVtsn5>

⁶ Ronalds, C. (1989). Residents' rights in nursing homes and hostels. Final Report. Office for the Aged. Australian Government Pub. Service

⁷ The 10-page 1997 memo that brought us to where we are today on aged care, ABC, 24 Oct 2020: <http://ab.co/2WUxCmQ>

In a prophetic 1997 speech, Senator Gibbs warned⁸ that the system would return to the horrors exposed by the Giles inquiry in 1985.

A policy of small government saw the bureaucracy radically reduced and heads of departments replaced with industry supporters. Decisions and research were outsourced to industry consultants and there was a revolving door of industry leaders on advisory committees and other government bodies including the regulator. There was little criticism of what was happening.

The second conservation stage: 2000 to 2016

The cost containment and commercial forces were now unopposed and there was steady deterioration of staffing as skilled nursing staff were replaced with less skilled personal care workers. There were recurrent scandals and many reports of poor care.

At the same time the accreditation process which had replaced regulation continued to report improved performance. There was ongoing unhappiness.

The system was process driven, inflexible and unresponsive. It failed to respond to the increasing number and frailty of the aging population and the aged care bulge.

When some companies found they were unable to control costs because of the power of the unions the government passed the unpopular work choices legislation in 2005. After this private equity and the banks invested heavily. The customers were powerless, the community excluded and the unions neutralised. The system became ever more unbalanced.

The politicians, their economist advisers, the business owners and the managers of the businesses had little knowledge of care and it was easy for them and fellow travellers to ignore what was happening.

Resistance to evidence: During this period there were between 20 and 30 aged care related inquiries documenting the deteriorating staffing levels, increasing problems in care and the inadequacy of the accreditation process that had replaced regulation. They were largely ignored and only token 'reforms' were made in response to the recurrent scandals and ongoing reports of failures in care.

Markets reaffirmed: Reports from economists from the Productivity Commission in 2004 and again in 2011 advised a greater focus on markets and marketisation and were followed by further deterioration. The problems of falling staff numbers and skills, staff morale and poor care were documented by researchers⁹. The system was unresponsive and resistant to change.

Policy was resistant to change: Attempts to deviate from neoliberal free market truths were savagely punished at the highest level in both parties. Prime Minister Rudd attacked neoliberalism¹⁰ in 2009 and was soon replaced by his own party. They then set up the Productivity Commission Inquiry that reported in 2011. This led to the market focused *Living Longer Living Better* reforms, which reaffirmed Labor's support of market policies.

⁸ Aged Care Bill 1997, Hansard, Senator Gibbs, 24 Jun 1997, page 5042 <http://bit.ly/2rfThau>

⁹ Aged care goes from bad to worse - The Age, 30 Nov 2009 <http://bit.ly/2JClpPG>

¹⁰ The global financial crisis Kevin Rudd The Monthly February 2009 <http://bit.ly/32cWveV>

Neoliberalism on steroids: In 2013 a new even more strongly neoliberal focused government under Tony Abbott was elected. Policies that drove privatisation, market based competition and reduced regulation were rapidly ramped up. An even closer alliance was formed with industry by establishing the Aged Care Sector Committee. Its first task was to reduce regulation further under the 'Red Tape Reduction' program and affirm the neoliberal solution for aged care in the 'Aged Care Roadmap', which set out its neoliberal 'reform' program.

The government considered that the aged care market was immature and inefficient and should be consolidated through competitive growth. Additional funding was provided to encourage this and there was frenzied competition to grow by acquisitions and to list on the share market. Smaller companies had to boost profitability to survive or to demand a good price if acquired.

The pressures on staffing and care increased, particularly when an analyst presenting at industry meetings predicted that competition driven consolidation would halve the number of providers in six years and then halve them again in the next ten.

Not surprisingly, the pressures were increased, and this resulted in the funding system being rorted and a rapid deterioration of care in the system.

The consequences of policy in the conservation phase: What happened as policies were ramped up during the conservation period is best illustrated by some charts from our recent submissions.

Figure 6: Increase in acuity of residents vs decreasing number of trained staff

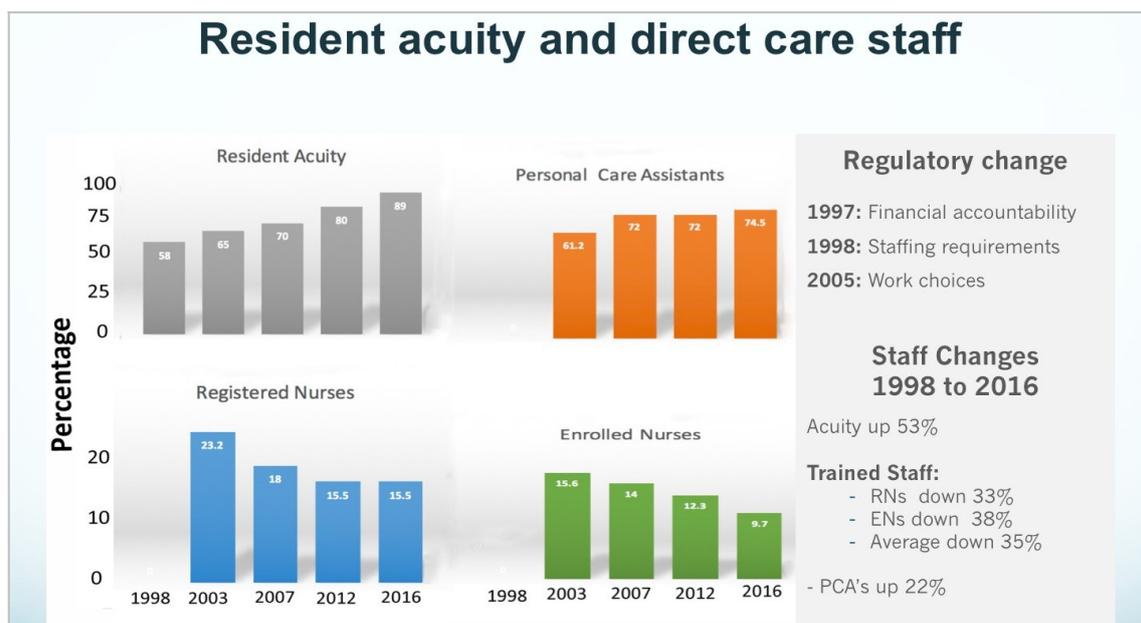


Figure 6: Shows the increase in acuity of residents (percentage of residents that were high care). At the same time, the number of registered and enrolled nurses needed to care for the increasingly frail decreased and were replaced by less costly personal care assistants (expressed as a percentage of staff providing nursing care).

Figure 7: Accreditation performance vs decreasing number of trained staff and greater acuity of aged care residents

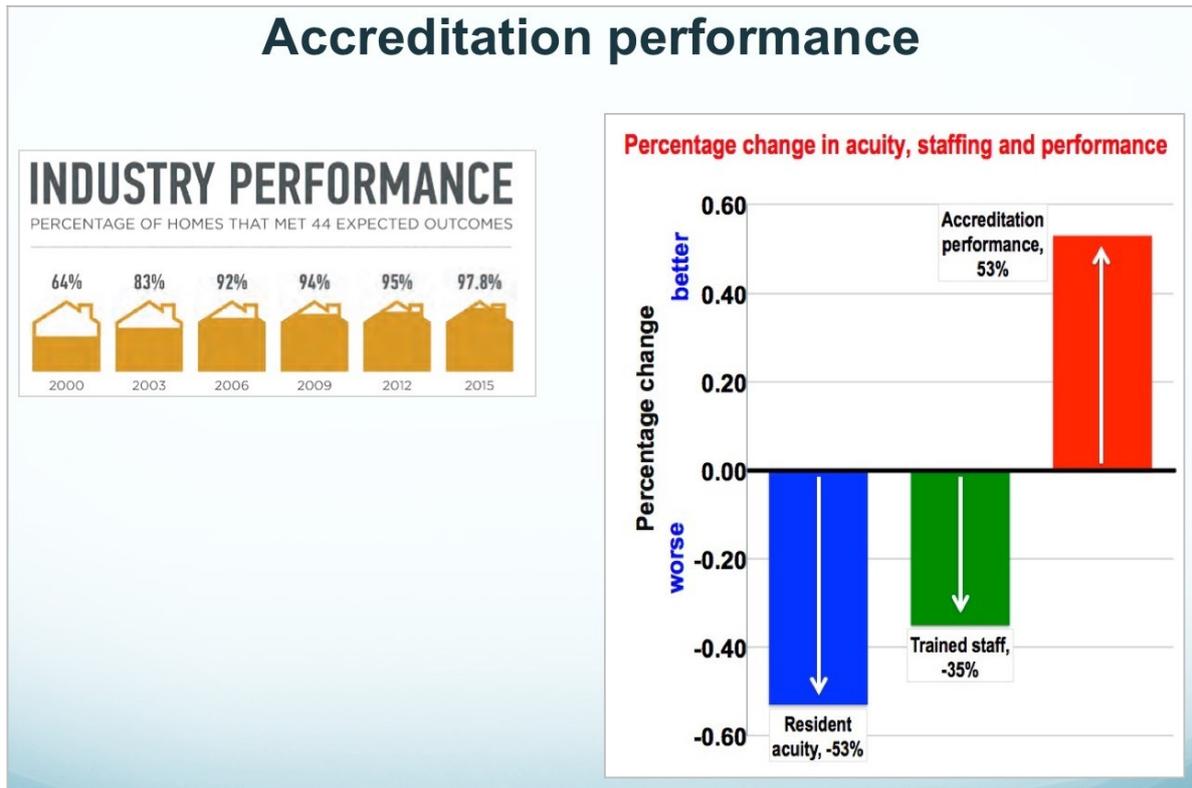


Figure 7: The chart on the left is taken from the Quality Agency’s Annual Report 2015/16. It shows the increasing rate of perfect scores obtained during accreditation inspections over the years. The chart on the right compares the increased performance in accreditation performance with the greater acuity of the residents and the fall in trained staff during this period. It reveals what was actually happening during accreditation.

Figure 8: Accreditation performance of homes after Red Tape Reduction program in aged care

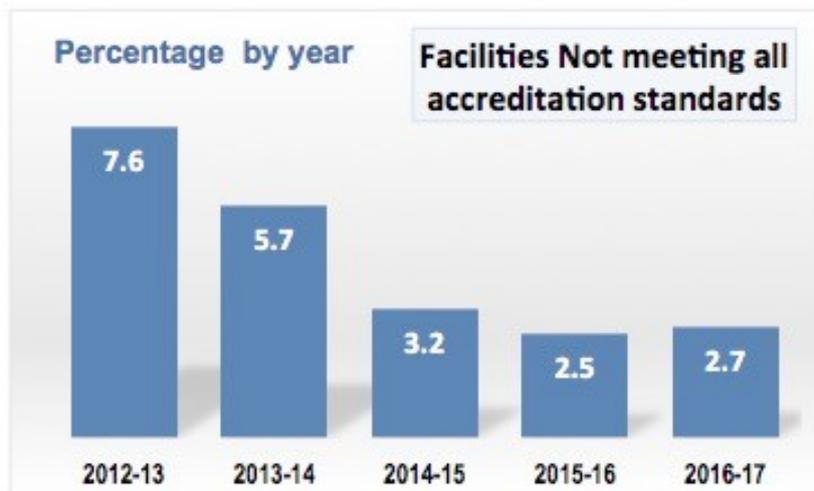


Figure 8: This chart shows how the numbers failing to meet all standards decreased after the Red Tape Reduction Program in 2014. This was the period when care came under greater pressure from consolidation policy. It was deteriorating rapidly.

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The USA has published recommended staffing levels as well as actual levels since 2000. Many states require minimum levels. They also assess and collect more than three times as many measures of care every year instead of 3 yearly as in Australia. Recommended levels of staffing are based on years of research and are not set by an accounting firm.

A comparison of Australian figures with those in the USA gives a good indication of how far Australia has fallen and why it has gone undetected.

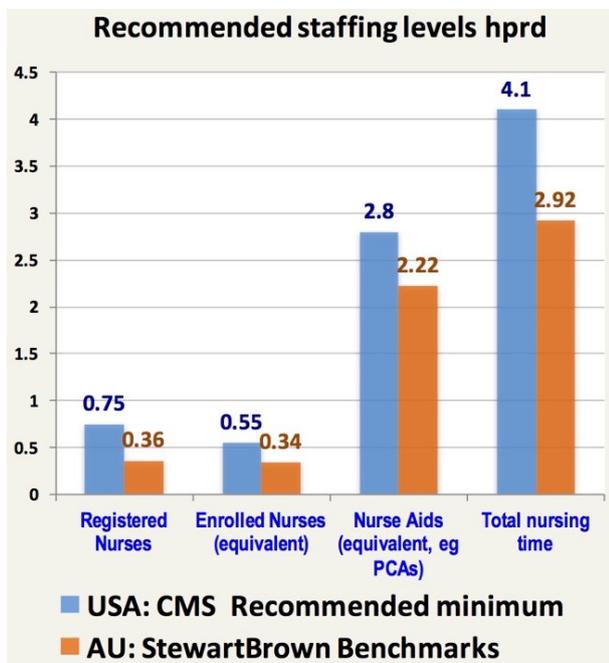


Figure 9 Recommended staffing levels

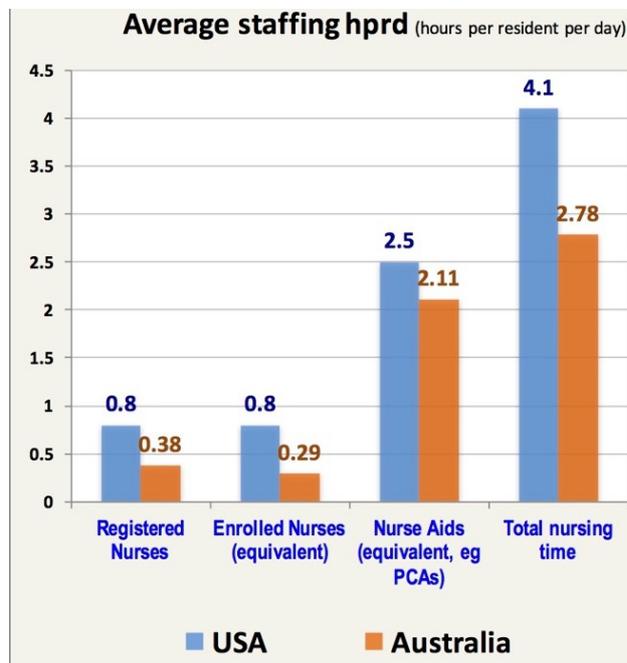


Figure 10 Average staffing levels

The chart compares the staffing levels recommended in the USA and in Australia (Figure 9) and the actual figures (Figure 10) - sources in footnote¹¹. The situation has deteriorated to the stage where US citizens in nursing homes get more than twice as much care from registered and enrolled nurses and a third more care overall.

One US web site in Pennsylvania in the USA analysing services and advising prospective families about nursing homes drew up a 5 step classification level for staffing from very good through good, low, very low and finally to dangerously low¹². They based this on a paper¹³ by Professor Charlene Harrington, a US authority on staffing in aged care. They were selected in consultation with her.

¹¹ **USA Minimum Recommended since 2001:** Ross L and Harrington C California Nursing Home Chains By Ownership Type .Facility and Resident Characteristics, Staffing, and Quality Outcomes in 2015 (USA) Page 4 <http://bit.ly/2L8eoGD>

Australian Benchmarks: StewartBrown Aged Care Financial Performance Summary of Outcomes December 2015 Page 12 Fig 17

USA Average: Nursing Facilities, Staffing, Residents and Facility Deficiencies, 2009-2016 Kaiser family Foundation April 2018 P 15 Fig 11 <http://bit.ly/2L8CyAJ>

Australian Average: StewartBrown 2018 figures supplied to Royal Commission in ACSA Statement by CEO Pat Sparrow.

¹² Still Failing the Frail: The data and records behind our reporting and our database Penn Live 14 Oct 2018 <http://bit.ly/2LaD3uc>

¹³ **The Need for Higher Minimum Staffing Standards in U.S. Nursing Homes** Harrington C et al Health Serv Insights. 2016; 9: 13–19. <http://bit.ly/2La0weJ>

The classification using hours per resident day (hprd) was:

- If total staffing hours ≤ 3.5 and RN staffing < 0.53 : "Dangerously low"
- If total staffing hours ≤ 3.5 : "Very low"
- If total staffing hours ≤ 4.1 and > 3.5 : "Low"
- If total staffing hours ≤ 5 and > 4.1 : "Good"
- If total staffing hours > 5 and < 12 : "Very good"

Over half of Australia’s nursing homes would be classified as **dangerously low**. Research undertaken for the Royal Commission has produced comparable findings.

Figure 11: Deficiencies in accreditation scores - Australia vs USA

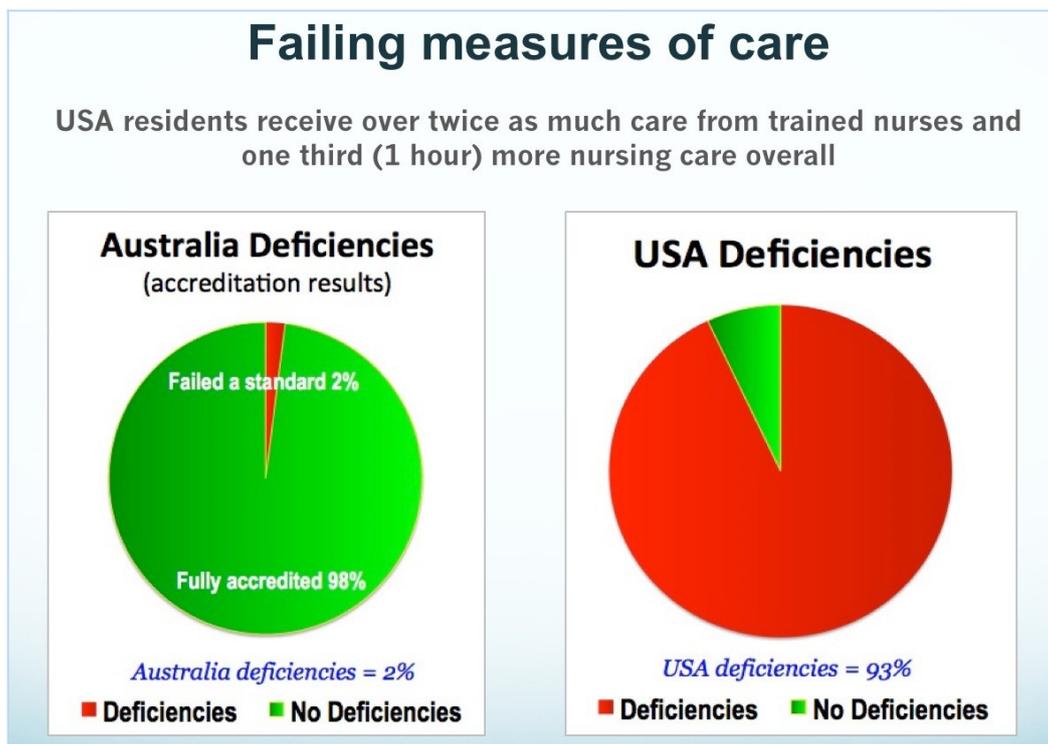


Figure 11: The chart compares perfect scores in Australia (97.8%) in green on the left with the incidence of perfect scores in the USA (7%). In the USA 20% of the failures are serious.

A backlash against policy is resisted: Abbott’s style and the unpopularity of his radical neoliberal policies saw the coalitions approval ratings plummet. A more moderate faction under Malcolm Turnbull took control. But attempts to soften the policy and move the coalition parties party away from radical neoliberalism soon saw him deposed and replaced by Scott Morrison.

Morrison has attempted to reinvigorate these policies, even as their failures in the banks and aged care were exposed and the next phase approached. This was reflected in his own attempt to address the emerging problems in aged care by greater centralisation and less regulation.

The conservation stage in a nutshell: It is clear that during the conservation phase the system was resistant to change, extending to the highest level – even as its failures became more apparent.

It lacked adaptability and was unable to adapt to either increased resident acuity, the aged care bulge or cost containment when it was attempted. The 2020 COVID-19 pandemic has exposed the lack of resilience in the system.

Without any redundancy to meet the unexpected crisis, seventy-five percent of our deaths have been in nursing homes, all of them in the private sector. This is one of the highest rates in the world¹⁴.

Victorian government facilities that operated differently were staffed adequately. They performed well in the pandemic. The inability of the private aged care system and the central government to respond effectively to any unexpected challenge was exposed. Reports from a senate committee and the Royal Commission have both been scathing.

Groundhog days: Those who have been watching this system and analysing it over the last 20 years have experienced it as a never ending series of groundhog days. Each exposure of failure is followed by a powerful response to contain it. More effort is directed to preserving the integrity of the system and the truths on which it is based than the integrity of the care being provided. Unlike the first cycle where government and reviewers made some efforts, in the second cycle government and industry were closely bound by shared beliefs and acted together. The threat to both was the response of the public and that is what was addressed.

Persistent problems in care were interspersed by recurrent scandals including the Riverside kerosene baths scandal in 2000 and the rape scandal in 2006. Then in 2010/11 there was another crisis when a journalist worked undercover in aged care homes and described her findings. Soon after a nurse deliberately set a nursing home alight killing multiple residents.

In mid 2013 extending into 2014 there were a multitude of media reports on Lateline and elsewhere describing many more failures and calling for a Royal Commission. We got the Red Tape Reduction Program and the Aged Care Roadmap. Things were getting worse. There was an avalanche of reports of failures in the system in 2016 and this time it did not stop. It was followed by Oakden in late 2016 and 2017. From then on it got steadily worse until the Royal Commission was called in October 2018.

The system was based on a tautology claiming that markets were self-correcting and only failed when they were interfered with. Believers could not accept that the aged care market itself could fail. Reforms did little to control this market and the perverse pressures it created.

The system was resistant to changes that would confront the tautology. These scandals were each followed by inquiries and then regulatory changes which ignored the powerful forces that were driving the system further and further away from care. They were marketed to the public as reforms and these soon became claims to a world class system supported by a rigorous regulatory system that seldom wavered as it showed ever better performance against standards.

The second release phase: 2016-2019

After the 2014/15 changes, care deteriorated rapidly, unhappiness grew, family and staff whistle blowing and critical press reports increased rapidly. Then at the beginning of 2017 the Oakden scandal revealed the extent to which federal regulators had ignored neglect and abuse of residents over the previous 10 years.

As indicated above, after another spate of inquiries, the Morrison government rearranged the central administration and claimed this as reform. But it was too late for another round of patching and no one was persuaded. The release phase was underway. The government and industry had lost control.

¹⁴ Sources: WSJ analysis of data from national and local health and infectious disease authorities; National Institute on Ageing in Canada; Johns Hopkins University

Calls for a Royal Commission mounted and when ABC Four Corners produced a two-part expose of what was happening in October 2018 the government called a Royal Commission. It commenced public hearings in 2019.

Residents, families and staff came forward to speak about their experiences. The abuse, neglect, poor staffing and dysfunction in the system that it uncovered were described in the Royal Commission's October 2019 interim report.

This mirrored but exceeded the revelations of the 1985 Giles report. This has been a replay of the release phase in 1980s and the system had deteriorated much further. It is déjà vu for those who look back.

The second reorganisation phase: 2020 - current

The BIG question is whether we will see a repeat of what happened in the 1990s. Will we finally get the changes which will push the system back into the bowl where the forces on it are balanced, and will the system provide good safe relationship based care for our elderly?

Alternatively, will the still powerful industry reassert themselves, take charge and start us on the same cycle of market-led aged care a third time? Will governments that are deeply committed to neoliberalism and free-markets ultimately support them and create another centrally controlled system? The omens are not particularly good.

This is the critical time when vested interests have lost credibility and do not have public support. Change is possible but that requires resolute action.

7 Comparing 2020/21 with the 1980/90s

Before we examine what is happening we need to look at the situation in society today and compare it with the 1980s. Will it be easier or more difficult to resist vested interests as they attempt to take charge of the agenda?

Preceding Inquiries: In the 1980s multiple inquiries recognised the root causes and specified the steps that needed to be taken, but even in disgrace vested interests were able to water down the recommendations so that the reforms that were commenced fell short of the recommendations.

In the last 20 years multiple inquiries have identified staffing shortages and regulatory failures. Governments went through the motions of doing something. Unlike the first cycle, none examined root causes or advised significant structural changes. Doing so would have meant challenging neoliberal beliefs and that was untenable.

Two prime ministers paid a heavy price for deviating from neoliberal doctrine. Regionalism and networked local and professional communities with a measure of influence and control over the market would not have been on the agenda of a Royal Commission appointed by a strongly neoliberal government in 2018.

Time frame: The 1986 reforms extended over 10 years and during that period community anger at the sector waned. Vested interests were able to regroup and reassert their power and their hold on government.

Major structural change is not likely to happen overnight this time either. Vested interests will not willingly accept structural changes that create balance by generating forces that limit their freedom and profitability. A balancing power base is required but that will be resisted and take time.

Neoliberalism: In the 1980s and 1990s neoliberalism was on the ascendancy and vested interests identified with it. They swept into ascendancy and took control of government by becoming its primary source of knowledge and support. They lobbied strongly and became major political donors. Their influence grew through revolving doors, consultancies and a close association with consumer and advocacy groups whose success and credibility depended on the market or government's financial and public support. Balancing forces were swept away.

Now challenged: In contrast with the first cycle, while neoliberalism may still hold power, it is being widely challenged. Managerialism as a belief in top/down control and culture management is under attack. Their many system and societal failings are now only too apparent. There is widespread criticism and many are looking for alternatives. Neoliberal and free-market systems of thinking are in defensive mode. This creates opportunities.

On the other hand society itself has withered from neglect. It has lost capacity. As the 1995 authors of *'The human costs of managerialism: Advocating the recovery of humanity'* warned¹⁵, a culture focused on self-interest has eroded our humanity, our altruistic values and the empathic relationships on which the fabric of society is built. We are continually enticed and persuaded by appeals to our self-interest.

Citizens have become used to being told what to believe and to being led. Instead of addressing issues they look for someone to lead and do it for them. Society's capacity to develop and nurture effective well-balanced leaders has been eroded. It needs to be re-engaged in its affairs and restructured.

¹⁵ [The human costs of managerialism: Advocating the recovery of humanity](#) Edited by Stuart Rees and Gordon Rodley Pluto Press Australia (1995)

Post truth: Neoliberalism's failure to meet its promises, its erosion of our democracies and its adverse consequences for society globally has created a situation where citizens across the world have become distrustful and no longer have any faith in the truths or the institutions of society. Society has become rudderless and fractured. This is a recognised problem called 'truth decay' and in current literature the 'post-truth era'.

Society is vulnerable to fake news and to attractive illusions and so to another ideology. We have already seen the rise of populist leaders, who do not have the skills or capacity to make decisions, in several western countries. Australia is a part of this.

Those who study this phenomenon see the re-engagement of society in its own affairs and in their democracy through a process of deliberative democracy as the way to address this problem and the erosion of our democracy. This too requires regionalism, community engagement and societal rebuilding.

Pluses and minuses: On one hand, the erosion of society by neoliberalism leaves citizens ill-prepared to play a role in aged care. Truth decay compounds this.

On the other hand, much of the discussion around the responses to the failure of neoliberalism, to the problems in our democracy, to the fragmentation of truth decay and to populism includes embracing regionalism and localism and the re-involvement of society in its affairs. This involves restructuring around social webs of communicating groups addressing the issues - deliberative democracy.

The rise of this movement creates the same sort of opportunity that neoliberalism created for vested interests in the 1990s. Advocates and politicians who understand the issues and what is required in aged care can embrace and ride on the back of this movement and these changes in the same way that vested interests used neoliberalism to take control of aged care in the 1990s.

Pressure for changes in society

As we have indicated many are now advocating for greater involvement of citizens in the affairs of the nation and more specifically deliberative democracy¹⁶. During the last 20 years others have continued to advocate for regions, local areas and different cultures to play a greater role in their own affairs¹⁷.

Pressure for changes in aged care

The advantages of regional management of aged care have not been forgotten. Some have realised that this was needed. The late eminent gerontologist Professor Hal Kendig spent the last

¹⁶ Curato, N. & Parry, L. J. (2017). Deliberative democracy must rise to the threat of populist rhetoric. The Conversation 7 June 2017 <https://theconversation.com/deliberative-democracy-must-rise-to-the-threat-of-populist-rhetoric-76576>

Feenstra, R.A. (2018). Kidnapped democracy: how can citizens escape? The Conversation 26 April 20 18 <http://bit.ly/2Lc7GPC>

Moore, N. (2019). Co-design and deliberative engagement What Works? Democracy 2025 <https://bit.ly/3pzDVZm>

¹⁷ Hawkes, J. (2001) The Fourth Pillar Of Sustainability Culture's essential role in public planning. For The Cultural Development Network, Victoria <https://apo.org.au/sites/default/files/resource-files/2001-06/apo-nid253826.pdf>

Local Government Review Panel. (2014). Community-Level Governance :What provision should be made in local government legislation? <https://www.lgnz.co.nz/assets/In-background/bf38e040f4/Community-Governance-Report-.pdf>

Sansom, G. (2019). Is Australian Local Government Ready for Localism? Policy Quarterly – Volume 15, Issue 2 – May 2019. <https://ojs.victoria.ac.nz/pq/article/view/5366/4695>

Sansom, G., & Robinson, T. (2019), Place-based Governance and Local Democracy: Will Australian Local Government Deliver? LogoNet, Australia. <https://logonetdotorgdotau.files.wordpress.com/2019/06/the-logonet-dialogue-2017-19-report-final-designed.pdf>

20 years of his life advocating for local management of funding and services.¹⁸ Aged Care Crisis has been pressing for more regional control and community involvement for over 10 years¹⁹.

Local government representation to the Royal Commission pressed for regionalism. The official giving evidence described the central role that local councils had always played in caring for the vulnerable and how frustrating working within the current centralised system had been²⁰. Groups in Queensland and Victoria have pressed for empowered community visitors to watch over the care provided to residents.

A report commissioned by the Royal Commission found that other countries with effective aged care systems were more decentralised and also pressed for greater involvement of local and regional bodies²¹.

The Grattan Institute report: The Grattan Institute has been a strong critic of the aged care system. In November 2020 it released a detailed report recommending a centrally integrated but regionally managed and overseen aged care system²². Funding would be based on costings made during assessments and care plans. They would be generated by or in consultation with employees of regional management working locally. They would supervise to see that profits were not taken from funding allocated to staffing and care so protecting these critical areas from profit taking and government rationing. It also supported obvious reforms for issues like minimum staffing levels and training.

Local staff would advise and support those making choices about care and then monitor the services provided. The report made provision for community advisory committees. This would encourage staff and community involvement and so the development of interacting social networks. This was left open ended and we agree that it should not be specifically legislated. This is something that needs to be encouraged and allowed to develop but not imposed. How each locality does so will depend on local requirements and changing circumstances.

Networks might develop with an interest in oversight, complaints handling, data collection and research and be able to assume a supportive role. It is important that local providers be a part of these networks and be contributing members. They need to participate in debate.

Currently many communities are likely to be too fragmented and inexperienced due to marginalisation. They will not immediately step into these roles. Interest and skills will need to be developed.

¹⁸ Kendig, H. and Duckett, S. Australian directions in aged care: the generation of policies for generations of older people Australian Health Policy Institute Commissioned Paper Series 2001/05 National Library of Australia Australian Government <http://bit.ly/32b6oKh>
Kendig, H. (2010) Submission to the Productivity Commission Inquiry Caring for Older Australians July 2010 <https://bit.ly/2QKu9oc>

¹⁹ Wynne, J. M. (2010). Submission to the Productivity Commission's Inquiry Caring for Older Australians. <http://bit.ly/2kZxBi1>
Wynne, J.M. & Saltarelli, L. (2020). Response to Royal Commission Consultation paper re Aged Care Program Redesign. Aged Care Crisis (24 Jan 2020)

²⁰ Hargreaves, C. L. (2019) to the Royal Commission at Hearing in Adelaide 19 March 2019
Statement <https://agedcare.royalcommission.gov.au/system/files/2020-06/WIT.0071.0001.0001.pdf>
Hearing (page 787) <https://agedcare.royalcommission.gov.au/sites/default/files/2019-12/transcript-19-march-2019.pdf>

²¹ Dyer, S.M., Valeri, M., Arora, N., Ross, T., Winsall, M., Tilden, D., Crotty, M. (2020). Review of International Systems for Long-Term Care of Older People. Flinders University, Adelaide, Australia (Royal Commission Research Paper 2)

²² Duckett, S., Stobart, A., & Swerissen, H. (2020) Reforming aged care: a practical plan for a rights-based system. Grattan Institute Report No. 2020-17. <https://grattan.edu.au/wp-content/uploads/2020/11/Reforming-Aged-Care-Grattan-Report.pdf>

Creating a balanced system: Complex system analysis suggests that the Grattan recommendations have the potential to create a balanced system. In our view it will be necessary for community and the professions to step up to form networks that work with both local providers and regional managers. This is where the balanced forces would operate and where the system would respond.

To ensure that the powerful centralised commercial and self-interested forces were balanced by civil society and professional values these local community and professional networks would need to have sufficient influence with regional managers and local services. They will ultimately need to be able to have a say in the assessment of the probity (trustworthiness) and suitability of prospective providers. They should be able to bar those who do not measure up. They should have the same sort of influence in decisions about revoking or not renewing the licenses of those who fail to meet their reasonable expectations.

8 The Royal Commission into Aged Care Quality and Safety

It is not possible to predict what a Royal Commission will do. Will it be influenced by vested interests and stay with the neoliberal market model and so set in train another cycle of centralised management, processes and efficiency? Will it break away from previous inquiries, address root causes of failure and open the door to a regionalised and balanced system?

Perhaps it will try for some sort of intermediate system which will leave some room for critics to press for balance and achieve real change. We can only examine the backgrounds of the Commissioners and the way the inquiry has proceeded then speculate.

The Commissioners: A strongly neoliberal government would have appointed Commissioners whom they felt they could trust. Commissioner Tracey was a judge whose expertise was in industrial relations. Commissioner Briggs was a long term bureaucrat. Since 2004 she has played a central role in the development of ‘governance processes’ in government departments. She is a prominent member of a governance organisation²³.

The Commission is being assisted by Counsel appointed by government. Their role has been to develop evidence and then interview witnesses who present evidence they consider to be relevant.

Expectations: The Commission was clearly not prepared for what they would find. In January 2019 we supplied the Commission with a statement describing what was happening including the data and the charts we have included in this submission. As far as we are aware we were the only group to do so. In a telephone call, counsel refused to accept the validity of the material in the charts and challenged our credibility. The Commission’s own investigations have now generated similar evidence. We have continued to make submissions using this data and our analysis of the processes responsible for failure.

Shortly after the interim report ‘Neglect’ was published, Commissioner Tracey became ill and died. He was replaced by Commissioner Pagone, another judge who specialised in Commercial and Administrative Law. He had also been active in human rights.

The process now entered the reorganisation phase and the hearings focused on the changes that their interim report had promised would address the issues.

Industry dominated representation: The hearings during this phase were dominated by industry representatives, economists and government officials. For example, only 17% of all witnesses who appeared at the Royal Commission had “direct experience” of which half were from home care - so technically 8.5% of witnesses had experience of residential aged care:

“... In total there were 97 days of hearing at which 641 witnesses gave evidence. While many of these witnesses were experts from a wide variety of professional backgrounds both here and overseas, there were also 113 direct experience witnesses, people living in residential aged care, people receiving home care, and their families. ...”

Source: Royal Commission into Aged Care Quality and Safety, Transcript, 22 October 2020, P-9675: <https://bit.ly/3b26ESp>

²³ Our people. The Centre for Strategy & Governance <https://www.csg.org.au/our-people/>

Much of this community input was during the first phase before the report and when exposing the problems. Industry, economists and government seem to have dominated the sessions planning a new system. The bulk of the community input came from the senior's organisations that had largely supported and worked with the previous failed system.

Industry were supported by market advisory bodies like StewartBrown, who gave evidence, and Grant Thornton who worked with industry and prepared reports for the Commission. Vested interests rallied and the Commission has listened.

We note that industry groups are boasting to their members about the extensive representation they were given. They seemed satisfied that their concerns would be addressed. Industry are already planning a marketing and a rebranding exercise to support their position and the Royal Commission.

We do not find this encouraging as they clearly intend to reassert and reclaim their dominance of the sector. Regional networks of informed local citizens with many eyes are needed to debate and then address the issues. It looks as if we may revert to centralisation and closed mindedness instead. This may occur sooner than it did in the 1980s and 1990s.

We worry that even if new paradigms are adopted, the inflexibility, inability to adapt and lack of resilience will persist.

Neoliberalism: We did not observe much criticism of neoliberalism or neoliberal policies at the hearings. We felt this was not welcome but we did not read every document.

A report prepared by the Royal Commission documented the multiple failed inquiries over the last 20 years and then asked why they had all failed²⁴. It did not attempt to offer an explanation and the Commission's hearings did not do so either. The one thing these inquiries all had in common was a failure to criticise and confront neoliberal policies. Submissions raising these policy issues including those made by Aged Care Crisis were ignored.

We note that those politicians who do not depend on industry donations are now blaming neoliberalism. In their additional comments²⁵ to the interim report of the senate Select Committee on COVID-19, the Greens party put neoliberalism at the top of the list stating "*Many of the shortcomings in the Australian Government's response to COVID-19 can be traced back to neoliberalism*".

Industry explanations accepted: The Royal Commission has been very critical of the failure of government organisations. It largely accepted industry's arguments that industry were underfunded and struggling to remain viable because of this. The problems in staffing and care they claimed were due to government underfunding. They blamed the government for rationing funds in order to contain costs. This intention was clearly stated in 1997 cabinet documents the Commission obtained.

In our view this was a valid assessment but in doing so the important role that industry itself had played in supporting these policies and in managing the failed sector prior to 2016 was downplayed. The perverse unopposed pressure on staffing and care that industry were responsible for were not adequately acknowledged or addressed.

²⁴ A history of aged care reviews Royal Commission into aged care Background paper 8. October 2019

²⁵ Australian Greens Senators' additional comments. The Senate Select Committee on COVID-19 First interim report p169 Dec 2020

Governance: Considerable attention was given to failures of governance. While that term has been used for centuries it has attained additional more specific meanings since the introduction of neoliberalism. It has been used to refer primarily to the self-regulatory industry processes that have replaced formal regulation.

They have been introduced in an attempt to help industries address the failures of neoliberalism and induce them to behave in a socially responsible manner. It became the solution to market failures in Australia after the Royal Commission inquiry into the collapse of HIH and One Tel in 2001, strongly recommended it. Government and the Stock Exchange set up processes to drive it across government and industry.

That was 15 years ago and since then we have continued to see multiple failures in the banks, insurers, aged care, disability and multiple other sectors. In our view it has been ineffective and that is because it does not have the power to balance the other forces.

Our criticisms: In our view the Commission has focused on funding, on staffing and on other factors compromising care while ignoring the deeper causes of system failure, particularly the unbalanced perverse forces at play and the impact of neoliberalism.

It has not displayed any insight into the nature of being human or the insights that the social sciences provide about the way we humans behave in different situations. We have criticised them for this in our submissions. We feel they are focusing on and treating the symptoms while ignoring the pathology - the root causes. This will undoubtedly improve the situation (palliation) in the short term but is unlikely to cure the disease.

The Counsel assisting the Commissioners has submitted a lengthy submission for the Commissioners to consider in which it seeks to distance both management and funding from government and prevent rationing. It made 124 Recommendations. It focuses on the problems it identified and many of its recommendations are needed and will be beneficial. We feel that it still falls short of what is required. This is in part because there were critical policy issues that may have been too challenging to explore.

We worry that we will continue to have an industry driven market system when what we need is a community driven system that welcomes the market and ensures that it does what the community requires.

Our hope: We were encouraged that in its submission Counsel were positive about an earlier submission from the Grattan Institute. While the recommended independent (from government) central management structure was to have regional offices there was no information about how this might operate.

We remain hopeful that the Commissioners themselves have more up their sleeve and will now include the more detailed proposals from the Grattan Institute.

9 Our position

Aged Care Crisis considers that care of vulnerable citizens is ultimately the responsibility of civil society, of every citizen and of every community. It depends on our ability to relate to one another and form relationships. It draws on our humanity, our values and our altruism. These are civil society and community attributes. Those who care are motivated by them.

While communities are not able to provide all the care themselves, those who do provide that care are doing it on their behalf. They are agents for the community and are directly responsible to them. It is our responsibility, as communities, to select agents that can be trusted and then work with them to ensure that they do what we require.

As communities, we have been sidelined and no longer have oversight of our agents or the power to dispense with those who fail to meet our requirements.

Market-driven care: We currently have a system that is set within an order of thinking that relies on self-interest to achieve its objectives. It is unsuited to a sector where an order of thinking that is based on responsible citizenship and altruistic values focused on others and the common good is required.

A system that requires caring relationships is instead a centralised top down managed system built on complex processes that inhibit the values required and allow people to fall through the cracks. It rejects social control and effective on site regulation.

The recipients of care have no power and those who should have the knowledge and the power to support and help them have been carefully excluded and disempowered. It has failed.

Market values are not compatible with humanitarian caring and caring relationships. When good relationship based care is provided, it is in spite of the system. To maintain the illusion of market infallibility, open disclosure and continuous improvement are tokenised so exist in form but not in substance.

In a strongly competitive market that is vulnerable, those who can ignore their humanity are economically successful and prosper. The sector selects for and promotes those least suited for care and the system deteriorates further. This was readily apparent in the Health and Aged Care systems in the USA. Some have observed it in aged care in Australia.

Community-driven care: In a community driven system the market operates within very different patterns of thought and values. They are under pressure to perform within these values and a balanced system is created. Those unable to accommodate to this go elsewhere.

In a balanced market accountable to the communities they serve, the pressures are lifted. Local managers and staff are liberated from perverse competitive pressures and are able to express their humanity in the work of caring. They succeed and are promoted. Open disclosure and continuous improvement are institutionalised and become part of the system.

In such a system commercial and government forces restrain profligacy and excesses but community and professional forces prevent both from impacting adversely on care.

Transformation

We have had an unbalanced system for over 60 years and much has changed since then. We are not suggesting for a moment that we try to push the system ball back 60 years up the slope into the original bowl. It would not meet 21st century requirements. What is required is the deliberate creation of a new bowl structured to be balanced and responsive.

The analysts who study complex systems call this 'transformation' and define it²⁶ as *“the capacity to create a fundamentally new system when ecological, economic, or social structures make the existing system untenable”*. This can force people *“to change deep values and identity”*.

These analysts also acknowledge that systems interact and influence other systems and that smaller systems can be a part of larger systems. We have referred to the other societal, political, banking and educational systems that influence aged care elsewhere. There is much to suggest that they too require transformative changes.

²⁶ Folke, C., S. R. Carpenter, B. Walker, M. Scheffer, T. Chapin, and J. Rockström. 2010. Resilience thinking: integrating resilience, adaptability and transformability. *Ecology and Society* 15(4): 20. [online] URL: <http://www.ecologyandsociety.org/vol15/iss4/art20/>

10 Conclusion

Everyone is standing back and waiting for the Royal Commission to pull a rabbit out of the hat and solve our and the government's aged care problems. It is very unlikely that they will do that. The battle for a well-balanced system will continue. Vested interests will seek to take control and it will require concerted political and community effort to resist this and create a balanced system.

We should be making it clear to the Commissioners that a neoliberal market driven and controlled system is no longer acceptable and that we want to see broad regional and community input into the system. The government of the day should also get that message very clearly.

This is primarily a humanitarian service and, even when provided by marketplace entities, humanitarian principles and values must dominate. That directly challenges the fundamental principles of neoliberal free-market ideology.

We should be working to prepare ourselves and be ready to seize any opportunity provided by the Royal Commission's recommendations.

Even if adopted and accepted by government the Grattan Report by itself will not create a well-balanced system. Staff, the professions and our communities will need to avail themselves of the window of opportunity created by the report before vested interests succeed in closing it.

Final Explanatory Note on Resilience thinking

The analysis of complex systems has primarily focused on ecological systems and in developing resilient ecosystems²⁷. The focus there is on natural system changes.

Seven principles have been developed to increase resilience. These do not necessarily all apply in the same way to a purely social system. We have not seen these models applied to aged care before but what has happened in aged care fits the model and the principles apply if slightly differently.

These are:

1. **Maintain diversity and redundancy:** This clearly applies to aged care – we need many eyes and diverse input. We need redundancy to adapt and be resilient.
2. **Manage connectivity:** It is clearly important to integrate and work flexibly
3. **Manage slow variables and feedback:** Usually used to refer to ecological changes but in aged care it applies to increasing acuity and the baby boomer bulge, neither of which were well managed. Good feedback about failures in care has been ignored in aged care for at least 20 years.
4. **Foster complex adaptive systems thinking:** The world continuously changes and evolves as do we and the systems we develop. Ageing will change with our knowledge and increased medical capacity.
5. **Encourage learning:** Very important but we need to include the development of critical thinking and analysis. This is sadly lacking and neoliberalism has discouraged it. Critical thinking will be essential in addressing the problems of the 21st century.
6. **Broaden participation:** Essential for every complex system if we are to understand its many facets

²⁷ Applying resilience thinking. 2015 Stockholm Resilience Center, Stockholm University. <http://bit.ly/2X0iDYu>

7. Promote polycentric governance (Recommended in aged care since about 1975 but ignored)

There are potential pitfalls to several of these principles and they need to be understood and addressed. It may be easier to bring about change in a failed purely social system. Ecological damage takes longer to recover.