

The Australian CEO Survey 2017

Rohan Mead: Australian Unity Group Managing Director

1. Outlook for the new year

For the economy broadly, we anticipate the foundations will remain relatively solid through 2018. Political instability generally and Canberra on an election footing throughout 2018 will continue to inhibit broader economic reform.

While we keep a close eye on the 2018 business environment, Australian Unity's operations, including its suite of human services, are focused on the longer term. We see significant opportunities in helping to provide the social infrastructure Australians will need as they get older (400 Baby Boomers are already turning 75 *every day* and this number is rising), deal with multiple chronic conditions, and look to manage their retirement nest eggs for two to three decades. Providing health care, care for the elderly and the vulnerable, and designing the right financial options for Australians throughout their life course are significant components of our future business plan.

A key concern in addressing these issues is the increasing short-termism of policymakers and of business, a trend and feature that is contributing significantly to the erosion of community trust in both government and corporations.

2. How in specific terms has your company handled rising energy costs, and are you satisfied with the Government responses to date?

We expect electricity costs in our aged care facilities to approximately double this financial year compared to last. As aged care becomes more intensive, the buildings need to be more technically complex, and often more energy dependent. More broadly than just the aged care facilities, our retirement communities are also concerned about the rising electricity costs, not only in their own dwellings but also in common areas. Our response is to work hard to find best practice options, including local generation, and minimise as far as we can the impact on our members and customers.

3. What is the role of Government in the economy and how has it performed?

Governments (federal and state) are rapidly growing actors in the economy as funders, policymakers and participants in the huge and burgeoning human services sectors, particularly healthcare, aged care and disability care. The policy and community need issues are large and complex and interdependent – they are often fiendish. We have not seen the sort of effective policy consideration that we need.

For example in health care, recent policy work from the Federal government on how prostheses (artificial hips and knees etc) are priced is a small move in the right direction in relation to future private health insurance costs. But more reform is needed to drive effectiveness and transparency of information across the broader health care system. Change would make clinicians more accountable and consumers safer. In aged care, a lot of the policy talk from government is about putting the person at the centre of the system. In practice, in my experience, the more innovative providers are seeking to run well ahead of the policy framework.

4. What are the three key agenda items for the country?

- (1) Trust in key institutions including government and business. I would submit that the many structural ingredients that foster and reinforce short-termism must be tackled in support of restored community trust.
- (2) We need to focus far more acutely on the enormous consequences of our ageing population. Superannuation balances aren't going to cover "quality of life" expectancy. Built form residential aged care will likely fall further behind looming demand. Health care costs, already a thorny subject, are set to consume more and more of the household budget. Elder abuse, palliative care, downsizing family homes, finding a (formal and informal) workforce (from here and overseas) to care for our older population – these are just some of the complex dimensions of our ageing demographic. The policy responses remain sluggish.
- (3) Households are straining with rising cost of living pressures coupled with low wage growth. These are real and present, and ill-served by the political and policy malaise in which we find ourselves. Overlaying this is societal anxiety about whether and how we will adapt to digital disruption, AI, robotics and the like. Equally, this can be an opportunity.

5. What are the three key agenda items for your company, including any international expansion, if any?

- (1) Continuing to build integrated services that support our customers' health, wealth and living ambitions across their life stages.
 - (2) Making a contribution to new thinking and approaches to the initial development and ongoing operation of healthcare and community care precincts. Our continuing work on the Herston Quarter precinct in Brisbane is a key example of this effort.
 - (3) Investing in and improving the service offerings to clients of our in-home care business, particularly by improved technology and logistics investment to make services more tailored and responsive.
-