

The PEST (political, economic, social and technological) environment

Graduation address

by

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to

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I would like to acknowledge that this ceremony is being held on the traditional lands of the Wurundjeri people and I wish to acknowledge them as Traditional Owners. I would also like to pay my respects to their Elders, past and present, and the Elders from other communities who may be here today.

These forms of acknowledgement are particularly important to those of us who work in the health industry. Still today we see the impact of Indigenous dispossession and disadvantage. An Indigenous Australian has a life expectancy about a decade shorter than a non-Indigenous Australian.¹ We should always take these acknowledgement of country as a reminder of that and ask ourselves what we are doing to help Indigenous people in their struggles to overcome this disadvantage.

Chancellor, former colleagues, graduates and friends

I am honoured to be recognised today by the University with the title of Emeritus Professor. La Trobe was a great place to work, and I was here at an exciting time. We achieved a lot during my tenure as Dean of the Faculty and I am proud of the staff's achievements during that period. We certainly put the Faculty on the map as an innovation incubator with a strong research profile. Research is a never ending quest, something I'll return to later.

You, the graduates, should also be proud of your achievements. You've studied hard, many of you juggling family and work commitments at the same time. I regret to say, though, that the award you received today, be it your first award or a subsequent one, even a doctorate, does not signal the end of your period of study. Especially in the health sector, the world moves on and you'll need to plan how you keep up-to-date with changes in science and practice.

The environment you are graduating into is changing, and this is what I want to talk about in this address, using the old PEST framework – looking at Political, Economic, Social and Technological changes.²

The political framework for the health sector is in a state of flux. As you would know, health care in Australia is a joint responsibility of the federal and state governments. Poor working arrangements between the two levels of government can lead to cost and blame shifting. Harmony was not enhanced by the 2014 Federal budget. The Budget did great violence to Commonwealth-state relations effectively tearing up into confetti an agreement which set out future funding arrangements for health care which had been negotiated with state governments of both political persuasions. The outcome of the budget represents a massive cost shift to the states and undermines the potential for future co-operative arrangements. In my view this means the end of the traditional form of Commonwealth-state arrangements, which are clearly exposed to sovereign risk. New Commonwealth-state arrangements should be written as commercially binding contacts.

These Commonwealth changes impact on the state political environment. Whoever wins government next month will be saddled with the need to address the Commonwealth funding

¹ <http://www.aihw.gov.au/deaths/life-expectancy/>

² http://en.wikipedia.org/wiki/PEST_analysis

shortfall, a shortfall which particularly hits in 2017 and beyond. My plea is that the politicians plan now for those changes so they can be implemented incrementally, rather than as a big bang.

The principal local economic driver in the medium term will be working through the impact of these Commonwealth-state financial changes.

Globally, of course, we will see the impact of climate change, now estimated to add a couple of degrees to average temperatures by 2050³, within your working lifetime. Climate change has been estimated to be costing us 1% of world GDP now, causing economic losses of over US\$700 trillion, if a trillion is a comprehensible number.⁴ The carbon-intensive economy costs a further 0.7% of world GDP, including through increased deaths. Global climate change will undoubtedly impact on you over the next few decades, but I'm not sure how this will play out in your professional lives.

There are two main changes in the social environment which could impact on you and your practise.

The first is the ageing of the population. This has led the Henny Penny's of the world to claim that our current health system is unsustainable and drastic changes are necessary. Most obvious was the advocacy over the last year for a mandatory co-payment for medical care. We know three things about co-payments. First, they work. They will reduce utilisation. Second, they impact most on the poor, and particularly the sickest among the poor. Third, when utilisation is reduced, people reduce both necessary visits - as judged retrospectively by doctors - and unnecessary visits.

Australia already has one of the highest levels of co-payment among comparably wealthy nations, and families are already foregoing doctor visits because of costs.⁵ If just one in fifty of these foregone visits ends up as a hospital admission, then there is no saving to the health system at all.

In a very peculiar move, the government said that any savings from the co-payment will, for the first few years, be assigned to a capital fund to expand medical research. Why do I say peculiar? Well, if we wanted to expand medical research, why not do it now rather than wait for a capital fund? And second, why link it to these savings? The net benefit from the research may be way less than the net costs caused by the co-payment and other budget measures. The medical research fund seems to have been a last minute thought bubble in the Budget, the Budget documentation contains just two lines on it. We have no idea how it will work, nor what types of research it will fund.

What is interesting about the impact of ageing is the breathless nature with which it is described. You hear phrases like Silver Tsunami and Ageing Avalanche. But ageing occurs slowly. None of us here woke up this morning 10 years older. We woke up one day older. It's best to think of ageing as a Grey Glacier, not a Silver Tsunami.

Now a glacier can still cause massive change as it inches down a valley. But it's something we have time to prepare for. We can re-orient our funding systems away from an acute orientation to one more suited to chronic disease.

³ Rowlands, Daniel J., et al. (2012), 'Broad range of 2050 warming from an observationally constrained large climate model ensemble', *Nature Geoscience*, 5 (4), 256-60.

⁴ Development Assistance Research Associates, Climate Vulnerable Forum '*Climate vulnerability monitor 2010 the state of the climate crisis*', <<http://pintrabp.parl.gc.ca/lopimages2/bibparlcat/28000/Ba461351.pdf>>.

⁵ Duckett, S. and Breadon, P. (2014) Out-of-pocket costs: hitting the most vulnerable hardest - Grattan Institute submission to the Senate Standing Committee on Community Affairs Inquiry into the out-of-pocket costs in Australian healthcare, Grattan Institute

I do not have to remind this audience that managing chronic disease requires us to think and act in a multi-disciplinary way, and we have to pay in a way which encourages continuity not disconnected visits. But how we should organise care to focus on chronic disease is still a developing science.⁶ We need more innovation, experimentation and evaluation to help us to work out what is the right policy in this area. You, as new practitioners, might be asked to participate in such experiments, or even undertake such research as part of your future studies.

Another big sociological shift which will impact on you is the move to individualised care. This is most obvious in the new arrangements for the National Disability Insurance Scheme but it is also about to impact on aged care as well. Rather than funding organisations who then dole out care services to clients, the funding is the other way around. Disabled or older people will get a funding allocation that they can use to purchase their care needs.

I've some doubts as to whether the conditions precedent for these moves – determining fair allocations, making sure consumers have choice of services - can be put in place appropriately in the time frame policy makers are talking about, but if the new directions work, it will be a huge, and to my mind, welcome shift, which will help empower consumers.

Finally, turning to technological changes which will impact on you.

There are too many to review in the short time I've got available. But one is the digitisation of everything. Big data is here to stay. Despite the very poor roll out of the Personally Controlled Electronic Health Record, something like that will eventually be implemented and become widely available. Eventually, patients will be able to access the record of their care, x-rays won't need to be repeated each time a patient changes providers and so on.

A second shift will be in the science of what you do. There's the old story of a lecturer who walked into a class and said half of what I teach you will be wrong by the time you graduate, but I don't know which half. There's a great paper by Prasad and colleagues which looks at reversal of evidence. They reviewed papers published in the *New England Journal of Medicine* and examined papers which overturned previous knowledge, demonstrating what was known yesterday, isn't right today.⁷ Of the 363 articles they reviewed which tested a standard of care, 146 (40.2%) reversed that practice, whereas 138 (38.0%) reaffirmed it.

The sad thing is, that when we looked at some data on this, we found that patients are still being admitted to hospitals for treatments contrary to the new evidence.

This brings me back to what I said at the start of this address. Research moves on and knowledge changes. If you are going to be fair to your patients, clients or organisations in which you work, you, as a professional, need to be abreast of contemporary best practice. Some of the responsibility for that should be your employers – you can't expect to provide best care if that is not facilitated. But some of that keeping up to date is what you, as a professional, should take responsibility for. You

⁶ http://summaries.cochrane.org/CD002215/EPOC_some-evidence-to-suggest-that-the-way-in-which-primary-care-physicians-are-paid-may-affect-their-clinical-behaviour

⁷ Prasad, V., et al. (2013) 'A decade of reversal: an analysis of 146 contradicted medical practices', *Mayo Clinic Proceedings*, 88(8), p 790-798

need to be aware of changing knowledge, by reading, going to conferences, talking to colleagues, using available technology to ensure what you're doing works, and indeed, pursuing further study.

Health care is not static. It is exciting. The environment changes. You will be challenged every day of your working life. You will be rewarded every day of your working life, in seeing what you have achieved, how you have worked with your patients and clients.

It's a fun area of employment and I wish you well as you continue in your profession.

Thank you