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HOUSE OF REPRESENTATIVES

BILLS

**Aged Care and Other Legislation
Amendment Bill 2014, Health and
Other Services (Compensation) Care
Charges (Amendment) Bill 2014**

Second Reading

SPEECH

Thursday, 23 October 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker Neumann, Shayne, MP	Question No.

Mr NEUMANN (Blair) (10:41): I rise to speak on the Aged Care and Other Legislation Amendment Bill 2014, to which I will seek to make amendment at the end of this speech, and the Health and Other Services (Compensation) Care Charges (Amendment) Bill 2014. In relation to the latter bill I want to state Labor's support for what is a common-sense amendment. Together these bills overcome the impediment to recovering past care costs for home care provided to a care recipient who received a compensation payment. This simply brings home care into line with existing arrangements in residential care, and Labor will not stand in the way of common-sense amendments such as these. Likewise the amendments to the Healthcare Identifiers Act. We will support the implementation from 1 January 2015 of stage 2 of the aged-care gateway known as the My Aged Care website. That amendment will allow for the collection, use and disclosure of relevant data for use on My Aged Care.

The gateway is a key component of Labor's Living Longer Living Better aged-care reform package, which we brought in in the last parliament. Living Longer Living Better ensured the aged-care system was fit for the 21st century—a century which will be defined by an ageing population. Living Longer Living Better ensures aged care remains sustainable as more and more Australians require that care. The gateway ensures older Australians will have access to up-to-date information, greater choice and more flexibility as we transition to consumer directed care.

The Aged Care and Other Legislation Amendment Bill is part of a budget measure. Those opposite made it clear before the election that they had no intention of honouring Labor's commitment to developing and giving fair reimbursement to aged-care workers—workers in the aged-care sector who are amongst the lowest-paid workers in the country. This bill reflects decisions made and removes reference to the aged-care workforce supplement from the list of supplements provided by the subsidy principles. The amendments which I will move address the impact of those and other changes which threaten to undermine the viability of Labor's reforms—reforms which once had bipartisan support, reforms which were supported widely by the aged-care sector, consumer groups and the general community.

The Abbott government has made unnecessary cuts to aged care in spite of the fact that Labor had done the heavy lifting in ensuring the sustainability of the system through the long-term implication and implementation of Living Longer Living Better. The Abbott government made unnecessary cuts which were never mentioned to the sector, to consumer groups or to the community prior to the last election. The Abbott government did this in spite of its assurance that it would be a government of no excuses and no surprises. While the Liberals and the Nationals flagged their disdain for the workforce supplement prior to the election, what they failed to do was come up with any ideas, any solutions or any alternatives to the workforce crisis facing the country which will only exacerbate into the future.

The aged care workforce in this country is under tremendous pressure. Aged care is becoming more and more complex as we deal with the intricacies of dementia and other age-related chronic diseases and issues. The workforce supplement was introduced by the former federal Labor government to assist and address some of the issues in aged care, particularly the low pay, the limited professional development and the limited career advancement opportunities for those who worked in the sector. The workforce supplement gave additional funds to the sector to enable the sector to invest in their workers and improve its profitability.

The 2010 *Intergenerational report* outlined that the nation would see a 300 per cent increase in workers needed to care for an ageing population by the middle of the 21st century. The Abbott government has no plans in relation to addressing that challenge, but they did act with speed and a certain dexterity to remove the workforce supplement upon coming to power. This is in contrast to the slow and apathetic way it has handled dementia care. Within 18 days of coming to power, the Liberal-National Party government opposite had its minister axe the workforce supplement—18 days it took. The supplement had only been in operation for 86 days. It was a \$1.2 billion provision and they got rid of it by legislative instrument. They could not prevent \$100 million being claimed by the aged care sector.

We sought in the Senate to disallow this instrument in December last year. However, on 10 December 2013—and this is really important and relevant to the bill—the Abbott government suspended standing orders to push through an allowance motion which prevented any payments of the workforce supplement for aged care workers. It took just 32 minutes to rip \$1.1 billion away from some of the lowest paid workers in the country. More than that, they gagged debate, preventing Labor members on this side of the chamber from telling the stories of their constituents. The minister himself did not have the courage to come into the chamber and left it to an assistant minister who does not even have responsibility for the area to move the necessary motion in the House. That is what happened on 10 December last year in relation to the workforce supplement, the subject of the legislation before the chamber.

That was the week that the Abbott government had abandoned Holden workers. It was the week they ripped away money that was provided by the former federal Labor government for child care workers. A one, two, three punch to the head of the lowest paid workers in the country, some of them. It was a mean spirited hat-trick that ended that week by abandoning aged care workers in the country. In the lead-up to Christmas 2013 we saw the Abbott government acting like the Christmas Grinch, giving Australian workers no hope, no support and no future in three sectors.

There has never been a worse time to abandon the aged care sector or aged care workers. For the first time in our nation's history we have more people turning pension age each year than turning working age. This has placed enormous stress on the system. The current government needs to outline its plans to ensure a well-equipped, appropriately reimbursed workforce. But to date it has not done so. Unfortunately, the Abbott government prefers to play politics than addressing the serious issues in relation to the aged care sector. One of the things the government could have done but did not was ensure that the repurposed aged care workforce supplement of \$1.1 billion was used strategically. Instead, all they did was simply top up subsidies with no conditionality nor any expectation that those funds could be used for workers in their wages, in their conditions or their professional career development. I understand and appreciate that about 70 per cent of aged care expenses to the sector are salaries. But with no conditionality there is nothing to ensure that that money is available and will go towards the challenge of making sure the lowest paid workers in the country get the necessary wages and conditions they deserve.

The Australian Nursing and Midwifery Federation reported that nurses working in aged care are generally paid less than those working in hospitals. In fact, for a registered nurse level I there is a difference on average of almost \$210 per week or 17 per cent nationally. The aged care workforce is one of the largest service industries in the nation, employing over 250,000 people and catering to the needs of over one million older Australians. It accounts for one per cent of GDP in terms of Commonwealth funding alone. It is an industry that will continue to grow. It will grow faster than the mining sector, faster than the resource sector, faster than manufacturing, faster than tourism.

As shadow minister I hear from constituents across the country on a whole range of issues in relation to aged care. One of the biggest issues raised constantly is staffing. But not one of those people opposite have talked about this issue. I have been to many, many aged care facilities across the country, from the APY lands in northern South Australia to the suburbs of Adelaide, to my home state of Queensland—all over the place—and I have seen the most wonderful, dedicated, compassionate and caring people. Many people have told me this: they do it because they love the people; they don't do it because of the money. They treated like a vocation or the missionary calling. But it should not have to be that. It is unfair to penalise our aged care workers because of their loving commitment to serving and caring for vulnerable Australians.

I trust the minister has taken the time to speak to the Council of the Ageing, Alzheimer's Australia or Palliative Care Australia. They are not trade unions. They do not represent nor do they purport to represent workers; they represent also often the oldest and most vulnerable Australians. They will tell the minister, as they have told me—and they will tell any member of this chamber—the importance of the development of a suitable workforce. Liberal and National party members will try to tell us, of course, that the market will sort it all out. It reminds me of the words of *The Castle's* Darryl Kerrigan—"Tell 'em they're dreaming"—because it will not happen. We need action at a federal government level. We took action when we were in government, and those opposite need to. They need to do it, but they will not. They think the market will solve the problems.

The sector has been hit with a horror budget. It has undergone major changes, particularly in the way that the care is financed. Understandably there is some angst in relation to residential and home care funding because the

changes took place for many in the sector from 1 July this year. But from 1 July 2015 there will be major changes to home care. As I mentioned before, while these changes have caused some angst and concern and worry, they have not been surprised. Since 2012 the sector has had to deal with the challenges of Living Longer Living Better. The process of reform when we were in government involved extensive consultation and collaboration with some of the peak bodies I mentioned before—

Mr Champion: Indeed!

Mr NEUMANN: indeed—and cooperation with older Australians, National Seniors, LASA, the community, aged care providers—big providers like Domain, Opal and HammondCare, Blue Care et cetera—and other organisations. We consulted with organisations like these.

Given the massive changes, you would have thought the new minister and assistant minister would have been available and would have consulted with the sector. In May this year in the budget, what did we see? Cuts that were never flagged in the *Real solutions* blue document—the bible of the coalition; cuts that were never flagged when they came to power. We saw cuts that the sector were not consulted about, cuts which placed an even greater burden on the sector and which led to more expensive aged care for all Australians. And the budget saw the slashing of \$653 million to the aged care payroll tax supplement. This is in spite of the assertion before the last election that they would be a government of no surprises—it was a great surprise to the aged care sector, I can tell you!

The Commonwealth government, regardless of which side of politics was on that side of the House, had for 40 years committed to the concept of competitive neutrality and the provision of some sort of aged care payroll tax supplement. Why? Because we wanted to make sure that the providers who are in the for-profit sector were not disadvantaged compared to the not-for-profit sector. In a single stroke this government erased all of that and put more pressure on the sector. The Aged Care Financing Authority's report on funding and financing of the aged care sector in July 2014 reports that the average net profit before tax margin across the sector is just 4.3 per cent. Most businesses, whether accountants or lawyers or doctors, would be horrified by such skinny margins. It is 4.3 per cent, but it is actually getting worse because in ACFA's inaugural report it was 5.6 per cent. So the margins are shrinking, the profitability of the sector is shrinking. And of course what this government does is hit this sector, it hits them really hard—\$653 million in cuts.

What they did not do is talk with the sector before this happened. What the sector needed was assurance and certainty. They needed to make sure they had the necessary finance to develop that workforce that I talked about, and they needed to be profitable. Those opposite always talk about their experience in private enterprise and the need for a profit, but they made sure the sector did not have the profit to provide the wage increases and better conditions the workers needed. Daily expenses for residents have grown by six per cent even though the average revenue per resident increased by 4.6 per cent. Axing that supplement is a slap in the face for the industry, which expected that it would have that money to make further investments in important refurbishment and infrastructure improvements as well as providing improved wages and salaries. Leading Age Services Australia estimates the axing of the aged care payroll tax supplement will see revenue losses of \$2,600 per resident each year. No wonder the sector is up in arms and furious with the government; these cuts undermine the sector's ability to invest in the workforce.

On top of this, after the May budget in 2014—after the sector had developed its plans, its staffing arrangements and all of that—the Abbott government, those opposite, announced the axing of the dementia and severe behaviours supplement. To continue a familiar theme: no consultation, no warning and the sector had no idea it was about to happen. The dementia and severe behaviours supplement was introduced by the Labor government on 1 August 2013. It was part of the measures from Living Longer Living Better, which was designed to assist with people who were worse off—the most severe cases of dementia. A \$16-a-day supplement provided additional financial assistance to approved providers in recognition of the additional costs of caring for people with dementia and severe behaviours associated with a diagnosis of a relevant medical condition. There is a neuropsychiatric assessment; clinicians and the department were involved in the design; it had bipartisan support. The supplement had been operating for six months, however, before the government realised that the sector had been engaged in oversubscription. It took another four months before the government let the sector know what was happening—and that is right, guess what? They axed the supplement: no consultation, no warning and no idea how to dress it.

Then they claimed it was all our fault. They had been in power, by the way, for months and months and months and months and months. Surprises and excuses from the government, which they said they would never do. They shocked the sector. The assistant minister even went so far as to claim this was a problem not entirely of the government's making. I am unsure how the oversubscription during the last 14 months of supplement introduced a month before the change of government, with bipartisan support, could be anything other than the current government's responsibility. It is not for the Labor opposition to engage in the monitoring and overseeing of a supplement. They are in power; it is their responsibility. They have an assistant minister to do this. The job fell on those in the current government, but they have this born to rule mentality; they get into power and do not do anything except, of course, make it harder for workers.

So we have a situation where those who care for the most vulnerable Australians in aged-care facilities do not have the funding to provide the additional resources and care they require. Effectively they are paying the price for a government marked by incompetence, inattention and inaction. How do we know this? We know it because of the FOI documents. We know it because we were asking questions of the government in relation to this. And guess what? The assistant minister did not even have an adviser in his office during this time. If we had not raised the issue, the current government would not even know about it.

The axing of this particular supplement in relation to dementia means that families and loved ones of those suffering from dementia in residential care will have to step in and provide support, where the funding was meant for residential aged-care providers to provide the diversionary support and personal care that was necessary. The funding was there as a top up to make sure they had the necessary ability, financially, to do so. I know there was oversubscription—it cost about \$100 million. But this is a government that thinks it is okay to spend \$22 billion on a Paid Parental Leave scheme. That is \$100 million for the supplement compared to \$22 billion for a Paid Parental Leave scheme.

Aged-care providers consider this a body blow. It is a body blow to the sector, with lame excuses and nasty surprises. This is a government which has no interest in the area of aged care. The sector has undergone major changes. We talk about \$13.3 billion of Commonwealth expenditure each year in relation to the aged-care sector, but the government has taken its eye off the ball. They have no minister for ageing. They have an assistant minister whose major responsibility is the NDIS. They have an assistant minister who did not even have an departmental aged-care adviser in his office until March this year. Seven months after the election he finally gets an adviser in his office, and the government finally realises, after we ask questions, that there is a problem. The government did not realise there were issues with this implementation because of its own incompetence and inattention to monitoring. They are in government; they are in office; but they must not be in power. The government only realised this when Labor's shadow parliamentary secretary, Senator Polley, asked about the uptake of the supplement during the Senate estimates process. What the government came to learn was the dementia and severe behaviours supplement had blown out tenfold under their watch. It had been estimated that this supplement would be used to support just one per cent of dementia sufferers in residential aged care—about 2,000 people per year who exhibited the worst, and often the most violent, behaviours—at a cost of \$11 million in the first year. The figures show the aged-care providers were receiving supplements for about 22,000 people, which is about the number of people expected to have severe dementia, at a cost of over \$100 million in 2013-14.

Rather than blame Labor, the Abbott government should thank us for drawing this to their attention because clearly they had not even noticed it. They were not engaged with the issue. The department then went out to engage in a review. There was a review—we know this from the FOI documents—at which they said they would consult with the aged-care sector about it. But no-one I know knew about this review. It happened out of the minister's office with the department's assistance. No-one that I have spoken to was consulted by the government before they axed the supplement.

This lackadaisical approach is clearly evident in another factor: the undersubscription of the dementia and cognition supplement in home care and the veterans' supplement in home care. These are supplements given to veterans, and those at home, suffering from dementia. The previous Labor government, as part of its \$268.4 million package to tackle dementia had introduced supplements to address dementia for those in the home. Some of these supplements were undersubscribed by \$34.2 million. They were undersubscribed because there was a machinery of government change. The department has not been focused and the minister has no attention to detail. The dementia and cognition supplement in home care had a budget allocation of \$42.1 million, yet providers had only claimed \$12 million. We have not heard a peep out of the minister in relation to that. What is going on? The money has been available to the sector for those people at home with dementia who need help; the money is

available but it is not being rolled out. Talk about incompetence, inattention and apathy from the minister. What is happening with the department in relation to this? Why isn't the money going to those people in their homes who need it? Again, it shows a lack of oversight and monitoring.

If the Abbott government was committed to aged care they would not have axed the dementia and severe behaviours supplement and left nothing in its place. They have no plans to deal with that. What they should have done is improved validation and audit, consulted with the sector and addressed training and communications. They should have discussed all of that, and done all of that; but none of it was done and we know this because of the FOI documents. We know they did none of that. They just axed it.

This is an incompetent assistant minister who is heartless when it comes to axing the workforce supplement and incompetent when it comes to the issue of dementia. They are underfunding it when they need to fund it. They are not getting the money out when they need to. They are not arguing the case with the ERC and the cabinet to get the extra money necessary for the dementia and severe behaviours supplement. Talk about taking your eye off the ball!

They should not have axed the payroll tax supplement. That has major implications and the sector is up in arms. There is no strategy to deal with the workforce. The workforce supplement has already been axed and is gone. What is happening with this bill is the cleaning up of any reference to the workforce supplement, the history of which I have outlined in this speech. I cannot let it pass without moving an amendment. I move:

That all words after 'That' be omitted with a view to substituting the following words:

'whilst not declining to give the Bill a second reading the House notes that the government has failed to:

- (1) provide alternative assistance in meeting the demands of the aged care workforce;
- (2) ensure repurposed funds be utilised for workforce pay, conditions and development;
- (3) consult with or inform the aged care sector of Budget cuts including the axing of the \$653 million Aged Care Payroll Tax Supplement;
- (4) consult with or inform the aged care sector of the axing of the Dementia and Severe Behaviours Supplement until after the 2014 Budget; and
- (5) oversee the management of aged care funding as evidenced by the over-subscription of the Dementia and Severe Behaviours Supplement and under-subscription of the Dementia and Cognition and Veterans' Supplements.'

The DEPUTY SPEAKER (Mr Mitchell): Is the amendment seconded?

Mr Gray: Yes it is.

The DEPUTY SPEAKER: The original question was that this bill be now read a second time, to which the honourable member for Blair moved as an amendment that all words after 'That' be omitted with a view to substituting other words. If it suits the House I will state the question in the form 'That the amendment be agreed to'. The question now is that the amendment be agreed to.