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PARLIAMENTARY DEBATES



THE SENATE

MATTERS OF PUBLIC IMPORTANCE

Health and Ageing: Aged Care

SPEECH

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Speaker McLucas, Sen Jan

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Senator McLUCAS (Queensland) (4.23 pm)—It is an appalling state of affairs when we on this side of the chamber need to bring a matter of public importance of this nature to the chamber. The Howard government has failed to address the crisis in aged care funding and accommodation, and its refusal to release the Hogan pricing review is quite frankly both a waste of public money and another of this government's futile attempts to cover up its failures.

For months now the Hogan report has been hidden in the bottom drawer of the Howard government's latest Minister for Ageing, Ms Julie Bishop. To give some explanation of why we are here dealing with this matter today, let me point out that this government seems to go through aged care ministers extremely quickly. We have seen five ministers in the past six years. It has been essentially a revolving door portfolio for this government, a portfolio that has suffered as its ministers—Mrs Moylan, Mr Warwick Smith, Mrs Bronwyn Bishop and then Mr Kevin Andrews—have come and gone while the crisis in aged care has deepened. Now we have the minister of the day, Ms Julie Bishop, hiding a review that cost taxpayers \$7.2 million.

This review was promised in 2001. The aged care sector needs it, and needs it desperately; yet the government will not release Professor Hogan's report and will not give answers as to why. With no report publicly available, the headlines have been quite sensational: sweeping deregulation of the aged care sector; nursing homes would be able to offer different levels of accommodation, rather like star-rated hotels, at varying prices and charge new residents cash deposits; a more user-pays focused system for nursing homes; Warren Hogan would recommend nursing home operators be given unprecedented freedom to set their own prices; nursing home beds would be auctioned while residents and their families could use vouchers to choose their levels of care.

The community has a right to know what is going on. The community has a right to understand what Professor Hogan has written. The community needs to make an assessment of whether the \$7.2 million that has been spent commissioning this report was in fact money well spent. We have to know whether or not there is a report. But we really have to know whether or not there are going to be accommodation bonds.

It is well past time for the government to put community fears at rest and reveal a comprehensive and caring plan for the future, because those sorts of headlines that we have heard relate to many of the most vulnerable people in our community—the frail, the elderly and their families and, we must remember, those people who tirelessly and selflessly care for nursing home residents.

Let us look at how this government has treated those carers—in the main, the nurses in the aged care sector. We are seeing increasing difficulty with the recruitment of nursing staff to the aged care sector, and I have to say little wonder. There is a significant wage differential between nurses in aged care and nurses in hospitals or other health service settings. The government has allocated some funding to the sector, but the disparity in wages is even greater now than it was before the government's funding announcement was made.

I regret to advise the community that aged care nurses are leaving the sector for a range of reasons. Firstly, they are simply not being paid enough to undertake the increasingly complex tasks that are asked of them. Further, the lack of critical mass of qualified staff has led experienced and talented aged care nurses to simply give up as the pressures become too great.

Nurses who do stay do so because of their genuine commitment and determination to care for the residents with whom they have developed quite close bonds. It is certainly not because of the pay. They do the right thing in what I consider to be extraordinarily difficult conditions of work. Labor's shadow minister for ageing and seniors, Ms Annette Ellis, has spoken of a situation where a single staff member is on duty alone overnight in a facility of 60 people. We had an example at estimates earlier this year where staff had to use portable toilets and had no hand-washing facilities. These examples are simply unacceptable.

Labor's leader, Mark Latham, has said:

The measure of a civilised society is ... the way in which we treat our elderly ... We cannot aspire to be a decent, civilised society until we end this scandal.

I wholeheartedly agree with him and I am heartened by his concern and his determination to address this crisis, which really started when the government failed to ensure provider viability following the reforms of 1997. These changes had major impacts on the aged care sector and the aged care funding regime which fall far short of tolerability.

Let us look at what La Trobe University had to say in their fourth report for the National Aged Care Alliance, *Residential aged care funding*. The examination of sectoral funding arrangements points out:

... 'current indexation arrangements using Commonwealth Own Purpose Outlays'—or COPOs—'do not adequately adjust for wage cost increases', and, due to the current indexation method, the sector has been underfunded up to \$405.8 million since 1996-97, which is an average of approximately \$50.7 million per year over eight years. The reason for this underfunding is that the COPO indexation method underestimates the cost pressures faced by residential aged care providers. As a result, the funding is inadequate.

Last year this government had the temerity to put forward only a 2.2 per cent increase in residential aged care subsidies when the CPI was running at 3.3 per cent and when, according to the CEO of the Australian Nursing Homes and Extended Care Association:

The first five years of the post 1997 reforms have seen a 10.6 percent increase through indexation with cost escalations during the same period varying from state to state but some running as high as 26 percent.

The fact is that aged care providers are quite rightly required to provide high-quality care but that the processes developed by the government that must be followed for funding and accreditation to be granted are complex, time-consuming and not focused on improving quality of care; they are focused on form filling, as any aged care nurse will tell you. Yet, simultaneous to the introduction of many of these obligations, the aged care funding arrangements in place since the 1997 reforms have seen nursing homes starved of the necessary resources to ensure their compliance.

It is when nursing homes are faced with overwhelming financial pressures that you see compromises in the quality of care creep in. There have been a number of scandals highlighted in the media in recent times—in fact, over many years now. We must not ignore those warning signals. The pricing review submission from Aged and Community Services Australia says:

The pricing arrangements in place since 1997 have eroded product quality by reducing the quality of life of residents. They have done this through the pressure they have imposed on funding levels. This has resulted in a reduction in support for the quality of life of residents due to a reduction in the time staff are able to spend with them.

In effect, this government is forcing a whole raft of trade-offs right across the sector. Nursing staff in enterprise bargaining situations are under enormous pressure to forgo parity with their hospital counterparts. Facilities have to consider how best to reduce their outlays—outlays that impact on the quality of life of residents. This could mean forgoing new equipment or the best quality food, cutting corners on training or occupational health and safety, reducing staff numbers or increasing charges. Further, there is continuing pressure on the public hospital sector as, when nursing home places are harder to locate, people who should be in nursing homes are taking up places in public hospitals.

For some facilities the financial pressure has been too much. We have seen a number of closures and we know of more to come. I would like to conclude by pointing out the situation highlighted in a letter we all received from Aged and Community Services Australia saying:

Unless these issues are addressed, the reality is that Australia is facing the collapse of the aged and community care system as we know it. This is not over-stating the case. Many of our members, despite making substantial productivity improvements, are carrying deficits that increase every year. Some can afford to carry these for a time through subsidisation from other areas. Most cannot. Without fundamental change to the current funding system, all our members will soon be facing the decision of whether they can continue to operate, if they are not already.