

AGED CARE AMENDMENT (2008 MEASURES NO. 2) BILL 2008

Second Reading

Mr ROBERT (Fadden) (6.14 p.m.)—The [Aged Care Amendment \(2008 Measures No. 2\) Bill 2008](#) seeks to amend the Aged Care Act 1997 and the Bond Security Act 2006. It is interesting that the member for Blair was saying that, whilst the new government does not agree with all parts of the aged sector, they agree with some. It is interesting that, if indeed the union movement were to speak, as they have with respect to Fair Work Australia, the Labor Party would be putting everything into there. Perhaps it all depends on who is speaking to the Labor Party; clearly the union movement gets a very strong hearing. Perhaps everyone else gets less. But let us move on.

The Australian population is ageing. Currently, older Australians aged 65 years and above make up 13.4 per cent of the population—2.8 million people or one in seven Australians. By 2050, the Productivity Commission estimates that one in four Australians will be aged 65 years or over. As individuals age, some form of assistance with personal and everyday activities is usually required. The latest available data indicates that 32 per cent of those aged between 65 and 74 years and 86 per cent of those aged 85 years and over require some form of assistance. Consequently, there has been an increase in the numbers of people seeking access to aged care. A further trend relating to an increase in the numbers of people seeking to access aged care is that family structures have changed. For increasing numbers of people, the family unit may no longer be a primary source of aged care as it has been in the past. Another emerging trend is that people are entering residential aged care requiring a higher level of care.

Aged care in Australia, though, is largely regulated by the Australian government, which funds the provision of aged-care services through subsidies of the costs of the residential care as well as capital grants. However, state, territory and local government regulation also impact the provision of aged-care services through regulations about matters including building planning and design, occupational health and safety, food preparation and consumer protection. The main areas of regulation by the Commonwealth government include allocation of aged-care places to approved providers of aged care, client eligibility to access those places, funding services, setting prices and quality control. In 2007, there were around 2,872 residential aged-care providers in Australia. Of these, approximately 61.4 per cent were private and not-for-profit, 26.9 per cent private and for-profit, and the remainder were government providers, at 11.75 per cent. Thus, residential aged care is largely publicly funded. The government provides most of the recurrent funding, with state and territory governments contributing to overall costs. User contributions by way of resident fees and charges provide the rest of the revenue. Government funding of residential aged care is mainly determined by the residents' assessed care needs using the aged-care funding instrument.

Having said that, the government allocates new places to broadly match the target population, attempting to balance the provision of aged care between metropolitan, regional, rural and remote areas within each state and territory as well as the need for different levels of aged care. Once places are allocated, the government has an open tender to allocate those places to approved providers, who then have two years to make those places operational. According to the productivity commission, approved providers are also expected to ensure that a certain percentage of the places allocated to them are accessible to residents who cannot afford to pay an accommodation bond. Having established the parameters of the aged-care industry, I note that many provisions of the bill were announced by the Minister for Health and Ageing on 22 March this year.

The package, to be administered by the Department of Health and Ageing, sets out a range of measures that include increased visits to aged-care facilities by the agency and independent watchdogs, increasing the powers of the agency, expanding the

requirement for all aged-care employees to undergo police checks irrespective of whether they have supervised or unsupervised access to residents, requiring investigative staff to check on both residents and paperwork in a facility and reviewing the act to fill in the gaps in the legislation as well as to improve the quality of the aged care. The package, I note, is consistent with the government's pre-election commitment in relation to aged care. Surprisingly, the government has stated that it did consult with stakeholders about the bill—surprising because the aged-care facility providers I have spoken to have been somewhat aghast at some of the measures. The bill focuses far too much on compliance. Surprise, surprise from a Labor government: when it comes to big government and regulation, frankly, government knows best. There is far too much focus on compliance as opposed to alleviating the already overburdened regulatory system of the aged-care industry, which continues to be insufficiently funded.

Research published in the *West Australian* in October this year showed that many aged-care providers have been incurring 'unsustainable operating losses' and can hardly afford to keep existing facilities running. Such research indicates that high consumer demand for aged-care facilities is not being matched by investor interest, due to low returns, with recommendations for a review of funding and regulatory arrangements so as to boost investment. For the first time ever, it would appear, we have providers going into liquidation, an undersubscription of places, bed licences being handed back and decisions being made at board level not to apply for licences in the latest aged-care assessment round. That is quite an indictment of the existing government and its minister, whom the member for Blair lauded in such glowing terms. At a time when you would expect providers to be gearing up for an influx, services are getting leaner and older Australians are being left out in the cold. The average return on a high-care bed in a modern facility is approximately 1.1 per cent. Understandably, industry is unable to attract investors to the sector.

The over-regulation of the aged-care sector is also a significant concern. The case for less regulation was made in the Hogan review in 2004 and most recently in the Productivity Commission's report on aged-care services this year. The Grant Thornton Aged Care Survey from this year found that the regulatory and pricing framework decreased the viability of the sector. Although this bill addresses some of the inconsistencies in the act, it does nothing to address the fundamental concern of over-regulation and the need for regulatory reform. So much for the member for Blair's lauding of the current Labor Minister for Ageing.

According to the government, there would be no financial implications for the budget. They would say that, because, frankly, Labor are only concerned about their budget, their regulation and their compliance. It is expected that there will be significant financial burdens on approved providers in complying with the new and amended obligations under the act. I guess this was not factored in to the government's thinking on the process. Additional and amended obligations proposed by the bill will also affect investor confidence in the aged-care industry.

Discussions with aged-care providers in my electorate of Fadden, which is the fastest growing electorate in the nation—an electorate with a higher than average number of elderly people—raised the following issues that the government is not addressing. I will turn first to parity of wages and conditions. In state run nursing homes and hospitals, wages and conditions are negotiable to include non-taxable FBT. Why is this not available in non-government homes? Look at bonds in high-care facilities. This is an issue that will have to be addressed as a matter of urgency. The current stock is ageing and providers have stated that they will not take up the ACAR funding round for stand-alone high-care places, because it is no longer viable.

The question needs to be asked: why does the Queensland state government not give rate relief to operators when New South Wales has had this relief in place for a number of years? The capping of fees payable by residents is another disincentive for operators. There is an argument for some form of deregulation of the industry that is not associated with extra service allocations. Given that the fees are attached to pensions and the coalition asserts that pensioners are underpaid, as the Labor government will not provide an immediate indexation to the current pension rate, does it not follow that providers are being underpaid?

There is a chronic shortage of registered nurses. Legislation requires registered nurses in high-care facilities 24 hours a day. There is documented evidence that notes the ageing workforce, as I mentioned at the start of my speech. Will the government review the idea of looking at enrolled nurses with acceptable qualifications equal to a registered nurse in the aged-care sector?

The funding to the aged-care sector has been increased over the years—especially by the Howard government. However, there has also been an extraordinary increase in the monitoring of homes and the compliance burden. This burden will apparently cause no extra cost to the Commonwealth—disregarding the extra cost to business, small business and other areas. Large amounts of money are clearly being paid across the Public Service to ensure that this high level of compliance occurs. In many instances, these compliance services cross over each other and add to the paperwork overload, as well as to the cost to establishments. This is thousands of dollars which could be spent on residential care.

Whilst I acknowledge that this bill is in line with the government's pre-election commitments, it massively increases the compliance burden. It shifts costs on to providers, rather than the government. Whilst it lines up with Labor's mantra of 'bigger government, bigger compliance and bigger regulation', I do not believe that the extra compliance is suitable for the aged-care industry. This government must do more to help the aged-care industry, especially as Australians are growing older. Indeed, we will all age. One day we will all need some degree of care. It is incumbent upon the government to address the issues now.