



United Voice Supplementary Submission Questions on Notice

Aged Care Living Longer Living Better Bill 2013
Australian Aged Care Quality Agency Bill 2013
Australian Aged Care Quality Agency (Transitional Provisions)
Bill 2013
Aged Care (Bond Security) Amendment Bill 2013
Aged Care (Bond Security) Levy Amendment Bill 2011

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Foreword – Michael Crosby, National President, United Voice

I wish to address directly in my foreword the section of Legislation that is causing most concern within the sector – that is both the wage increase and its delivery through enterprise bargaining that comprises the Workforce Supplement. We have read the objections voiced by some employers after the announcement. We have read the transcript of previous hearings to ours and received questions on the issue at the hearing that we attended. We have had our direction drawn to the Australian's almost hysterical reporting of the Government's announcement, an announcement that was subsequently condemned in its editorial about just this issue!

We do want to try to deal with this issue comprehensively so that the Committee has a clear understanding of the reasons why employers have suggested to us through the NACA process that an enterprise bargaining route was the best way to proceed and why we agree with that position.

Enterprise bargaining is not a union plot to take over the aged care sector. It is a form of collective bargaining encouraged by the Fair Work Act, common in virtually every developed country – and many developing countries as well – and underpinned by a series of ILO Conventions. 47% of the Australian workforce is covered by an enterprise bargaining agreement. Two thirds of the aged care sector is covered by enterprise agreements. They are standard practice. Unexceptional. Straight forward.

They are negotiated by employers bargaining with the appointed representatives of the workers. In the vast majority of cases workers nominate a union to do the bargaining through their union membership. That membership pays for the bargaining process, enforcement of the agreement, all the other services that a union supplies and in most cases also pays for the industry advocacy that is so necessary to the welfare of workers - and of which this submission forms part.

Unsurprisingly, we are not ashamed of our push to sign up members so that this process can work. We don't see unions as a bad thing – nor do our members and in fact nor do many of the employers with whom we deal. It suits all parties that the key collective representative of workers actually speaks for a majority of workers in a sector and can convey authoritatively the views of workers to community, Government and employer.

The need for a workforce compact comes in the first place from the advocacy of our union and the other unions in the industry. Without us no-one would hear the voices of the workers who actually do the work of caring for clients. There really is a workforce crisis in this sector that damages the quality of care provided to aged clients. Employers, Government, Productivity Commission, academic researchers and our members all agree that minimum wages are not sufficient to provide an incentive to staff to stay for long periods of time and put their skills and dedication at the disposal of the people for whom they care. That is a catastrophe. The sector depends on staff to deliver services. That is the nature of the industry. If employers are faced with a rapid turnover in staff – up to 40% at the present time – then inevitably the quality of care must suffer.

Beyond the impact on the industry, low wages are an injustice that needs to be remedied. These carers perform essential work. They care for the people who built our country. They are dedicated to their patients. They grieve for them when they die. Yet they often don't earn enough to provide for their own families. Their grinding poverty should not be hidden any longer. The members of the Senate Committee need to acknowledge their responsibility to ensure that everything possible is done to end this injustice.

Everyone agrees – even the Howard Government agreed - that wages in the sector must rise to make these jobs more attractive. The Howard Government attempted to bring this about through the introduction of the Conditional Adjustment Payment. As the Productivity Commission's scoping study found, "(It) was designed to allow providers to pay higher wages, this didn't occur because there was no requirement for providers to spend CAP funding earmarked for workers on wages and training." Let's be clear, the then Government's attempt to intervene in this labour market failed.

The additional funding needed to be linked to an enforceable, legally binding mechanism, designed to ensure that funding for wages ended up in the pockets of aged care centre staff. The only such mechanism is an enterprise agreement.

We are constantly told by Conservative Members of Parliament in this sector and in the Early Childhood Education and Care sector, where similar problems exist, that a better approach is to apply to the Fair Work Tribunal and have them make an order that covers the whole sector. That option is only very rarely available to unions. Successive Labor and Conservative Governments have changed the system of arbitrated awards so that new modern awards only provide a safety net for those parts of the economy where enterprise bargaining is not possible. The only alternatives to this are Low Paid Bargaining applications and Equal Pay determinations. Both have limited application.

An argument to simply lift the modern award rate will certainly fail. We wish this were not the case.

The Workforce Compact provision represents the smallest possible improvement to the pay rates of our members that it is possible to imagine. It will have a negligible effect on virtually every facility in the system. It requires each participating facility to mirror the standard enterprise bargaining differential above the Award – if they have not already done so - and then add a small increment on top that is funded by Government. We don't think this will change the lives of our members. But it does signal to a restive workforce that someone in the Government does care about their situation and is trying to do something practical to redress the injustice that low wages paid to dedicated, hardworking carers represents.

If two thirds of the sector already has an enterprise bargaining agreement in place the cost impact will be negligible. These employers' only contribution will be to fund the on costs – an increase in costs of .3%. In light of turnover, in light of the importance of staff to clients, in light of the on-going injustice of minimum wages for some of the most dedicated staff in the country, such a cost is surely of derisory proportions.

Introduction

United Voice will be responding to the Questions on Notice from hearings in Perth and Canberra. We welcome the Living Longer Living Better reforms and the attendant legislation to enact the reforms. Through the consultative processes of the National Aged Care Alliance (NACA), we reiterate the position that reform is needed “so that all current and future Australians can age well!”¹ We encourage the Committee to provide its support for the Living Longer Living Better reforms. United Voice maintains its support for these reforms as they provide a much needed boost to the aged care workforce, especially for our members who are in direct care and support roles.

Workforce is a key component to the Living Longer Living Better reforms. All component parts of the Living Longer Living Better reforms are needed, otherwise the aged care system will “increasingly fail to meet community needs and expectations and will compromise the quality of care provided to older Australians”.²

In particular, NACA noted that “Too many aged care workers are leaving the industry because their work is undervalued and underpaid”. This leads to high turnover in the aged care sector workforce. In proposing a wages bridging supplement, the reform would “Cut wasted resources on staff turnover (up to 40% of the workforce each year) and build a workforce able to meet the increasing challenges of providing high quality care and support to older people”. The Supplement mirrors the proposal put forward by NACA as part of its Blueprint for aged care reform. Most importantly, the Supplement provides a wage increase directly to workers in the aged care workforce.

In answering the various questions asked by the Inquiry, it is necessary to give a small amount of detail regarding the underlying rationale behind and purpose of the Supplement.

- Our members are low paid. This is undisputed by government, employers, consumer groups, medical professionals and unions. The Fair Work Commission agreed, through the process of the aged care Low Paid Bargaining Authorisation that our members are low paid³ - regardless of whether their employment is covered by an enterprise agreement or award.
- The aged care sector has turnover that is estimated to be 25% each year. NACA indicates that it could be as high as 40%. The cost to the aged care sector for personal and community care and support workers in 2011 alone has been estimated at over \$220 million a year.⁴
- There continues to be aged care sector support for wage increases for the aged care workforce.
- Enterprise agreements are the norm in the aged care sector. As Senator Fierravanti-Wells indicated, over seventy per cent of the aged care workforce are already covered by an enterprise agreement. The aged care Low Paid Authorisation hearings and submissions also indicate this is the case.⁵
- Enterprise agreements were agreed by NACA to be the most appropriate industrial instrument to implement any wage subsidy for the aged care workforce. This is discussed further below. After three years of consultation, negotiation and consensus building by

¹ National Aged Care Alliance, 2012, “Blueprint for Aged Care Reform: Australians Deserve to Age Well, preparing for our future now”

² National Aged Care Alliance, 2012, “Blueprint for Aged Care Reform: Australians Deserve to Age Well, preparing for our future now”

³ <http://ww2.fwa.gov.au/s243/>

⁴ Estimated using the EOWA Costing Turnover Calculator

⁵ <http://ww2.fwa.gov.au/s243/>

NACA, parts of the sector have now altered their position at the eleventh hour. Workers in the aged care sector should not have a payrise denied to them due to the political whims of aged care providers.

The evidence in support of the Living Longer Living Better reforms is compelling. We call for providers to support the consensus decision made at NACA and provide support for the Supplement. The individual components of the reforms are needed to ensure that the aged care sector will be sustainable, less complex and confusing; and to improve the quality and availability of services. Without a workforce component, the Living Longer Living Better reforms will not be fully realised.

Answers to Questions on Notice

Perth Hearings:

Question 1: Providers paying above the award rates

The Compact specifies a proportion above the award rate and a minimum annual increase that providers are required to meet to receive the Workforce Supplement funding. Where providers' existing enterprise agreements are above the award by the specified margin (which is generally the case now, even though this margin is not required, as discussed below), then the only other requirement for providers to meet is the minimum annual increase (being, 2.75% per annum or the Fair Work Commission minimum wage adjustment, whichever is higher). The Supplement was purposefully constructed this way so as not to disadvantage aged care providers who are currently paying above award rates.

Further detail on the misunderstanding of the Supplement by aged care providers is given throughout the rest of this submission. A Western Australian provider who already pays rates well above the Modern Award will *find it easier, not more difficult, to access the additional funding available through the Workforce Supplement*.

Question 2: Perceived lack of flexibility of the Compact

The requirements to receive the Supplement are not prescriptive in terms of mandated outcomes, or prescribed content and wording for enterprise agreements or equivalent. Instead, the Supplement provides a framework through enterprise bargaining - and it is up to the local workplace level discussions between employers and employees to determine in what form the requirements will be met in their workplace.

Evidenced by the uptake of workplace enterprise agreements in the aged care sector, the flexibility of these bargains indicates a preference for this method of industrial regulation over the industry award. The fact that over seventy per cent of the aged sector are involved in enterprise agreements indicates that aged care providers have utilised this mechanism and providers can come to an agreement with their workforce. Employer evidence to the Aged Care Low Paid Bargaining hearings indicate "bargaining under the act [*Fair Work Act*] is actually flourishing..."⁶ The Compact's requirements are such that there remains workplace flexibility as to how the workplace will best meet these commitments. This ensures that the enterprise agreements or equivalents are specific to the local circumstances and are flexible to meet the needs of the workplace.

The summary of the minimum commitments of the Compact, to attract and retain staff, include:

- Access to training and education,
- Professional development,

⁶ Fair Work Commission, 2011, *Low Paid Authorisations – Transcript dated 25 November 2010*, at PN2369.

- Representation leave,
- Review of part-time hours,
- Conversion of casual employees to permanent employees,
- Workload management,
- Workplace Health and Safety,
- Disciplinary matters,
- Have an annual increase for workers that is a minimum of 2.75% or the Fair Work Commission annual minimum wage increase (whichever is higher), and
- Maintain a margin over the relevant Award rates.

Given that most of these issues form part of Accreditation Standards and other regulatory requirements for Government funding in aged care, United Voice is concerned by industry representatives and providers who indicate that meeting these minimum requirements will cause issues for the provision of quality and accessible care for older Australians.

If adherence to these requirements is difficult, how are providers able to maintain their accreditation?

Question 3: United Voice membership

United Voice is a union of 120,000 workers organising to win better jobs, stronger communities, a fairer society and a sustainable future. The majority of United Voice members are women, and many are employed on a casual or part-time basis. We represent the majority of direct care and support workers employed in the residential and community aged care industry in Western Australia, South Australia, Queensland, the Australian Capital Territory and the Northern Territory as well as community care workers in New South Wales. Whilst coverage and titles may change slightly state by state United Voice members work as Enrolled Nurses, Community Carers, Personal Carers, Nursing Assistants and support staff, including Cleaners, Gardeners, Cooks and Maintenance workers.

Question 4: Previous CAP increases not being effective in increasing wages

United Voice refers the Committee to the 2008 Productivity Commission research paper "Trends in Aged Care Service: some implications". In that research paper, the Productivity Commission noted that wage increases to the aged care workforce did not reflect the then Conditional Adjustment Payment (CAP) increases to providers. This means that the CAP introduced in 2004 did not result in additional funding for the aged care workforce wages. The issue identified by the Productivity Commission was the absence of a mechanism to ensure that the funding was directed to aged care workers' wages. Specifically, "there is no requirement on aged care providers to direct the extra funding towards paying higher wages to their workers".

The Productivity Commission provides compelling evidence for the rationale behind the requirement for providers to put the Supplement funding in an enterprise agreement. Enterprise agreements provide an enforceable mechanism for aged care workers to receive this increase, and it is also the simplest, most accountable and transparent mechanism to ensure the money is spent where the Government intends.

Question 5: Affordability of the Supplement to WA

Whilst the question is WA specific, United Voice makes this submission based on the whole aged care sector.

A clear majority of the aged care sector are already using enterprise agreements as the main source for employment regulation. Taking this into account, the current 2012/13 average hourly wage for an aged care employee level 4 (the middle classification level of the

Aged Care Award, which requires the employee to have a certificate level 3 and is the most prevalent qualification) in an enterprise agreement is \$19.30/hour. The current modern award rate is \$18.58 for an aged care employee at level 4. The percentage difference between the enterprise agreement and modern award as it currently stands is 3.99%.

To put this into language that mimics the Supplement vernacular, aged care providers, on average, are providing wages at a margin over the award of 3.99%⁷. United Voice assumes that most, if not all, providers are competent and execute their fiduciary duties well, and thus would plan to provide salary increases for their staff along with the attendant on-costs forming part of their calculations.

Average Weekly Ordinary Time Earnings over the last 5 years and recent Fair Work Commission minimum wage adjustments have been running between 3% and 4.5%. We therefore assume that the majority of aged care providers (through their internal budget planning processes) are well equipped to contend with the salary increases' (and associated on-costs') component of the Supplement – that is, the requirement to provide a minimum of 2.75% per year or the Fair Work Commission minimum wage adjustment, whichever is higher.

The average aged care provider is unlikely to have difficulties in meeting the margin over the relevant award rates requirement. Putting this in table form, making the assumption that the Fair Work Commission minimum wage adjustment is also 2.75%, for an aged care employee level 4:

	2012/13	2013/14	2014/15	2015/16	2016/17
Aged Care Lvl 4 - hourly EB rate	19.30	19.83	20.37	20.93	21.50
Aged Care Lvl 4 - hourly award rate	18.58	19.09	19.61	20.15	20.69

Actual Margin above award	3.87	3.87	3.87	3.87	3.9
Supplement Required Margin	1.50	3.00	3.00	3.00	3.00

In terms of the wages' on-costs associated with the Supplement funding, there are productivity gains to be made through reduced staff turnover and decreases in the costs of utilising agency staff by providers. In terms of personal and community care and support staff, United Voice estimates, given the assumptions made above, that the effect of the Supplement proportion of salary on-costs to be approximately 0.25% - 0.3%. These figures do not take into consideration efficiencies gained from reduced turnover or a reduction in the use of agency staff.

With the average provider having a net profit margin of approximately 8%, United Voice believes that the on-costs for the Supplement funding component can be met by aged care providers. The assertion⁸ made in relation to providers putting in \$3 for every \$1 of funding from the Workforce Supplement does not make sense in light of the calculations performed above.

Given the wide variation in calculations provided to the Senate Committee, United Voice believes that aged care providers may not fully understand how the Supplement will operate. With the draft guidelines having been recently released, United Voice believes this may clarify the situation for providers. This will lead to the Supplement being successfully implemented and, most importantly, our members will see a small increase in their wages.

⁷ Note, this analysis refers only to aged care workers that United Voice represents.

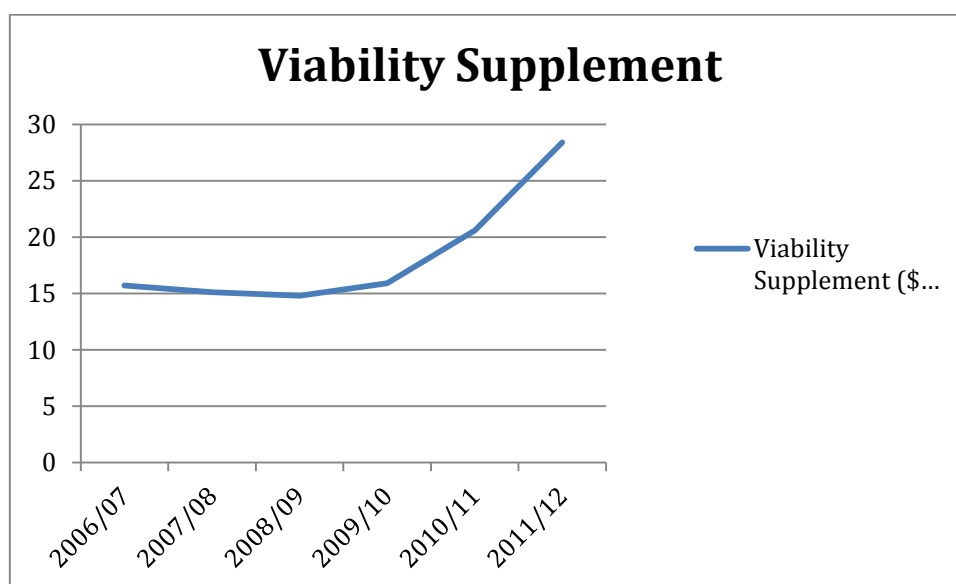
⁸ This assertion was made in ACSA's submission. Our response to this is discussed both here and in Question 8 below.

Question 6: The affordability of the Supplement to rural, regional and remote providers in WA

Whilst the question is WA specific, United Voice makes this submission based on the whole aged care sector. In question 5, we provided evidence to illustrate that the Supplement is affordable to aged care providers. United Voice acknowledges that there are different issues that can affect providers operating in the rural, regional and remote areas of Australia. According to the *2011-12 Report on the Operation of the Aged Care Act 1997*, the viability supplement has increased markedly over the last 6 years; this is indicated in the graph below.

Under the Living Longer Living Better reforms, the viability supplement funding will increase again and also provide additional categories of provider eligible for the viability funding. With more than \$280 million available in the next 5 years, the average annual viability supplement increases to approximately \$56 million per year. The viability supplement will ensure that providers in rural, regional and remote areas will continue to operate and ensure the care for older Australians in those facilities.

The graph below indicates the increases in funding for the viability supplement. Taken as an average, the growth of the viability supplement is running at approximately 14%, with the last 3 years at approximately 25%.



Source: 2011-12 Report on the Operation of the Aged Care Act 1997

The viability supplement forms a critical part of the government's funding of regional, rural and remote aged care providers. United Voice does not believe that the Inquiry has fully taken into account the impact of the Viability Supplement when assessing RRR providers' capacity to implement the Workforce Supplement.

Canberra Hearings:

Question 7: Perth questions on notice

These questions on notice have been answered above.

Question 8: ACSA submission, including the example of the 31 bed RRR provider

The Committee has asked United Voice to provide a response based on the example given in the ACSA submission along with additional information in the draft Hansard of the

Committee's hearing from the 2 May 2013. Given the information provided by ACSA and Senator Fierravanti-Wells, United Voice is unable to comment authoritatively about that specific provider. Other financial information is required for United Voice to complete the necessary calculations to speak authoritatively about that specific provider's situation. Given the tight timeframes for return of information, United Voice thought it judicious to not comment on the specifics of that example.

Given the above, United Voice can authoritatively indicate that the example provided is not representative of the whole sector, and we submit the following as evidence. The most recent information from the Bentleys financial survey indicates that:

- Facilities on average receive approx. 72% of total income in government subsidies (this has stayed relatively consistent for the past 3 years)
- Total wages and on-costs for a provider are approximate 67%
- Facilities on average have an 8% surplus/profit

With this information, and the other information in this submission outlined above, we can surmise that the average facility will have few difficulties providing an annual 2.75% (or the Fair Work minimum wage increase) for workers, and provide a wage that is above the required award margin. Additional information regarding the non-wage costs of implementing the Workforce Supplement are outlined in the responses below.

Question 9: ACSA and non- wage costs for the Supplement

The ACSA submission indicated that the non-wage requirements of the Supplement would be too costly for providers. These specifically included the costs associated with enterprise bargaining and training.

In relation to enterprise bargaining:

To the Aged Care Low Paid Bargaining Authorisation in 2010/11, employers submitted that there was a high uptake of enterprise bargaining in the aged care sector - and it is indeed the norm. To use an employer representatives words, "bargaining under the act [*Fair Work Act*] is actually flourishing..."⁹. This indicates that the aged care sector has a good level of industrial relations knowledge and the processes associated with enterprise bargaining. United Voice also points the Inquiry towards the submission of the Australian Nursing Federation that outlines the extent of Enterprise Bargaining coverage in this sector.

In addition, there is a requirement in the Age Care Accreditation Standards for there to be appropriate human resource management¹⁰. Unless providers are suggesting that this is no longer the case, United Voice is concerned by industry representatives and providers who indicate that meeting these minimum regulatory requirements will cause issues for the provision of quality and accessible care for older Australians.

In relation to non-wage costs

Referring to the Accreditation Standards for aged care providers, it is required that there will be mechanisms for continuous improvement, education, and staff development. Budgeting for continuous improvement, education and staff development would therefore form part of the fiduciary duties of the aged care provider. In *The Aged Care Workforce 2012* report, the survey found that 60% of all aged care worker occupations participated in continuing professional development, and 75.6% participated in compulsory training. Quoting directly from this workforce report, "more than half of the workers in each occupational category nominated the need to meet accreditation requirements as the purpose of engaging in

⁹ Fair Work Commission, 2011, *Low Paid Authorisations – Transcript dated 25 November 2010*, at PN2369.

¹⁰ See <http://www.accreditation.org.au/> for further details.

training". United Voice would be concerned by industry representatives and providers who indicate that meeting these minimum requirements will cause issues for the provision of quality and accessible care for older Australians.

Lastly, with the current iteration of the Conditional Adjustment Payment (CAP), there is a condition for providers to satisfy the CAP staff training requirements. CAP is provided to the sector to encourage improvements in corporate governance and financial management practices. This funding is voluntary, and is conditional on providers complying with specific requirements set out in the Principles. In the aged care sector, only 4 providers have chosen not to participate in the CAP¹¹.

Clearly the sector is already providing training in their workplaces, and given the details provided above, most, if not all, providers would already be meeting this requirement of the Supplement. By putting the current training requirements in an enterprise agreement or equivalent formalises the expectations of ongoing and continuing training as a core requirement for working in aged care. By having the Compact requirement for an enterprise agreement, this encourages employees and employers to discuss and work out the training requirements that are needed for the workplace and for future workforce planning. Providers and aged care workers having a workplace discussion about training and workforce development is necessary to maintain a workforce that provides quality care and is responsive to the care needs of older Australians.

If aged care providers are expressing a lack of commitment to comprehensive training in the sector, this is of grave concern, not only to workers and unions, but to older Australians and their families.

Question 10: SWAG and its processes to come up with the particular quantum

As discussed in previous sections of this paper, the concept of the Supplement was developed by the National Aged Care Alliance. There was strong support across the Alliance for a group of unions and employers to come together to negotiate the terms and conditions of a workforce compact, now known as the Supplement. In the consensus model of NACA, different parts of the sector gave their support to the views of other constituents – this is the nature of consensus-based negotiation. It is this consensus that allowed the government to move forward with the *Living Longer Living Better* reforms. After six months of negotiation for a Compact, key employer groups removed their support for the final outcome. This was evidenced by a letter sent from employer groups to government in January 2013, a copy of which was not supplied to United Voice, although this was requested during the hearing.

Despite this letter, the evidence stands that there was strong support for the vast majority of the elements of the Supplement late into the negotiation process. This is evidenced by the nature of the final terms and conditions. Many of the key terms and conditions reflect status quo terms and conditions in the sector. During the negotiations, these terms and conditions were nominated and agreed by key employer representatives. United Voice would like to reiterate the verbal evidence that was tendered in Canberra, that there was strong support from the clear majority of employers for a large proportion of the terms and conditions enclosed in the Compact, now known as the Supplement.

Question 11: Response to the aged care article in *The Australian* dated 26th April

Michael Crosby, United Voice National President, provides the following response:

"*The Australian* seeks to attack United Voice on the basis that it is starting the enterprise bargaining process by asking workers to join the union. I find it hard to understand this

¹¹ 2011-12 Report on the Operation of the Aged Care Act 1997

criticism. Our credibility and capacity depends on the number of members we have. In bargaining and representation, we take our instruction from members - no-one else. Our resources come from the membership dues of members - no-one else. How then is it expected that we would launch an enterprise bargaining process? Convene meetings of non-members? Ask cleaners, security guards and health care workers to pay to have bargaining done for a group of non-members in aged care? Pretend to the employers that we can speak authoritatively about the concerns of their employees when we represent no-one? The idea is ridiculous. Rule 1 of any collective bargaining process is to first establish a collective. That is all we are doing. To then be attacked as opportunistic or in some way corrupt when we ask workers to join and be represented at the bargaining table simply betrays the animus of our critics.

“Finally, the article in the Australian mistakenly links the \$10,571 package in the Early Childhood Education and Care Sector with the Aged Care settlement. We cannot be held responsible for the mistakes of the Australian newspaper. I am unable to say whether the mistake was deliberate.”

A copy of Michael Crosby's correspondence to *The Australian* is provided in an appendix.

Question 12: Analysis of the cost of turnover

As mentioned in the introduction, aged care turnover costs are running at approximately \$220 million per year.

This estimation includes:

- the sunk costs of training for the leaving employee;
- lost productivity;
- lost skills and knowledge;
- training for the new employee;
- the higher level of supervision required for a new employee;
- associated administrative tasks for the leaving and new employees.

The estimation does not include the costs of agency staff. *The Aged Care Workforce 2012* Census indicates that there is a high use of agency staff, which would add substantially to the wages costs of providers.

Question 13: Member attitudes to penalty rates

United Voice member attitudes to penalty rates are extremely clear – for low paid workers, penalty rates are necessary for survival. Without penalty rates, low wage work, such as work in the aged care sector is untenable for many workers and their families. Evidence of the attitude of United Voice members working in aged care to penalty rates are available in the witness statements to the Low Paid Bargaining authorisation hearings, available on the Fair Work Commission website (<http://ww3.e-airc.gov.au/s243/lhmu>).

Appendix 1 - Michael Crosby's comment in *The Australian*, dated 25 March 2013:

Helping unions can help elderly

The announcement by Minister for Ageing Mark Butler of a program to support increased wages for aged-care workers has been dismissed by some as a payoff to union mates.

It is nothing of the kind.

It is in fact a classic case study in development of good public policy based on research, evidence and consultation. Butler started the process by asking the Productivity Commission for its view on what was needed to reform the aged care sector, which was clearly struggling under the weight of our ageing population, a declining funding base and increasing costs.

The Productivity Commission confirmed to government, employers and the community there was an aged care workforce crisis. It said the payment of rock bottom wages was a critical problem and it recommended wage increases.

Butler then set out on an exhaustive process of consultation around Australia, meeting workers, operators and aged care residents. He set up a process of engagement with all the sector and consumer peak bodies, including employer organisations and the three sector unions.

This was an extraordinary process. Employers and unions came out of their trenches and started to work together. There was a workforce crisis. In a sector where labour costs are 70 per cent of expenditure and government support for facilities had increased by an average of 22 per cent each year for the previous three years, workers' wages had grown by just 5 per cent a year.

Every major employer body, including Catholic Health Care Australia, agreed on the solution, which included using enterprise agreements as the delivery mechanism.

The Productivity Commission's scoping study explained why the mechanism had to change. "In 2004, (the Howard government) introduced the Conditional Adjustment Payment. While CAP was designed to allow providers to pay higher wages, this didn't occur because there was no requirement for providers to spend CAP funding earmarked for workers on wages and training." Only an enterprise agreement ensures the extra money goes to workers.

Is this a huge impost on the sector? Of course not or the employers would never have agreed to it. Most employers and certainly the vast majority of large facilities are already covered by enterprise agreements. The process of passing on this money will be straightforward.

Will this lead to a rise in our membership? I certainly hope so. These dedicated workers deserve a voice, which is what our union delivers. Without a union the only way to change their lives is to abandon jobs they love. But Australia needs quality carers to deliver quality care for our ageing population. That isn't possible for just \$18.58 an hour. Aged care workers have had a win, delivered by a minister prepared to do more than hand out platitudes, but delivered also by unions and employers prepared to come up with solutions.

Michael Crosby is national president of United Voice.