

**From:**  
**To:** [Community Affairs Committee \(SEN\)](#)  
**Subject:** Living Longer Living Better Bill 2013  
**Date:** Saturday, 20 April 2013 9:31:04 AM

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Dear Senator Bridget McKenzie,  
Thank you for your letter of 12 April 13 inviting us to submit comments to the Senate Community Affairs Committee, of which you are a member.

I would submit the views of our Peak Body (LASA) which I concur as follows:

### **(A) The Workforce Supplement: What we know so far . . .**

We have learned that LASA Victoria members, and members in all other States, are receiving a glossy political package from the Department of Health and Ageing explaining how to meet the pre-conditions of the Workforce Supplement and how to access 'additional' funding from 1 July 2013.

Of concern, and included in the correspondence from the Department, is an Employee Fact Sheet detailing the wage pre-conditions required to be met in order to access the Workforce Supplement.

Clearly stated, and in bold, is the following statement:

**'Wage increases can be expected to start flowing from 1 July 2013.'**

The Department of Health and Ageing does not control or dictate wages outcomes for any approved provider and does not pay any aged care worker.

LASA was not consulted on the development or content of the documents, nor were we given the courtesy of being alerted to their distribution to our members.

This certainly flies in the face of our understanding that DoHA and LASA would work collegiately on industry matters of importance; this issue is one of the primary importance for the industry.

Victoria is in the middle of enterprise bargaining negotiations for the majority of providers and the Workforce Compact brings another level of complexity to this latest round of comprehensive negotiations.

Again, LASA can only reiterate our concerns to all members that before any decisions are made with regards to the Workforce Compact and applying for the Workforce Supplement, every employer needs to consider changes to existing Enterprise Agreements, or the creation of a new Enterprise Agreement.

Therefore, how can Employers even consider their position without knowing vital details such as:

- What will be the outcome of the National Wage Case (NWC), which is due June 2013 and which gives rise to the transitional rates of pay and the comparison point for the 2.75% increment?
- What will be the Indexation level for 2013–14?
- Will ACFI be changed again in 2013–2014?
- What are the bureaucratic processes needed to be adopted by providers to be paid the Supplement?

Do those rules compel an annual application?

- Will there be any adjustment on the untenable position regarding on-costs?  
– Super, Payroll Tax, Workcover, Insurance, etc
- Will there be a guarantee of workforce supplement beyond this initial compact? Which, by the way, Minister Butler decided upon in the absence of our agreement to the Compact?
- What consideration has been given to the additional costs that must be absorbed by increased superannuation via the Superannuation Guarantee for staff over the next few years, which will increase employment on-costs into the future that is unfunded if providers enter into the Compact?

Understandably members have expressed their disgust at this approach by the Government, which has led to significant angst and disquiet as it has been delivered in a vacuum and without due consideration of the operational requirements needed to support such material.

We believe LASA has already begun taking this up with Ministers and DOHA on our behalf.

(B) Capping on Accommodation Bond

Whilst the Government uses the principle of “User pays depending on their assets, the capping of \$500,000 runs contrary to this principle. In particular there is no differential of the location of the suburb which land and construction costs may be much higher than another suburb. How then can the Provider recover the high costs with the restrictions. The consequences may be a vacuum in such suburb as it will be financially not viable. It would therefore be prudent that such capping level be raised to commensurate with the location and assets of the applicant.

(C) Uncertainty in the Aged Care Industry

With so much uncertainty there is a halt to the construction of new facilities which are capital intensive. As Providers do not receive any assistance in the funding for such projects, it becomes clear the feasibility study will not recommend to move to the next phase and neither will the Financial Institution be amenable to such scenario. If this trend is allowed there will be such a shortage of in the short term and exacerbated by a growing ageing population, a crisis will be looming over the horizon. Remembering it takes time to construct new facilities to meet the projected demands for aged care places.

(D) Sustainability

Aged Care is a long term investment and commitment and without certainty and sustainability in funding , it is not viable for any business proposition . For example, the funding via subsidy must at least be equal if not exceed CPI. The large cost components in aged care include Staffing, Utilities and ancillary items like food, maintenance. Electricity cost has jumped by many times, water and Rates are just behind. All these increases far exceeds the small rate of increase in the funding.

We hope that the above input will receive its due consideration.

Regards,

Paul ( Java Dale Pty Ltd )