



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Pay equity and increasing female participation in the workforce

THURSDAY, 25 JUNE 2009

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS

Thursday, 25 June 2009

Members: Ms Jackson (*Chair*), Mr Haase (*Deputy Chair*), Ms Bird, Mr Hayes, Mr Keenan, Mr Neumann, Mr Perrett, Mr Ramsey, Dr Southcott and Mr Symon

Members in attendance: Ms Bird, Mr Haase, Ms Jackson, Mr Neumann, Mr Perrett, Mr Ramsey and Mr Symon

Terms of reference for the inquiry:

To inquire into and report on:

The causes of any potential disadvantages in relation to women's participation in the workforce including, but not limited to:

- The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues;
- The need for education and information among employers, employees and trade unions in relation to pay equity issues;
- Current structural arrangements in the negotiation of wages that may impact disproportionately on women;
- The adequacy of recent and current equal remuneration provisions in state and federal workplace relations legislation;
- The adequacy of current arrangements to ensure fair access to training and promotion for women who have taken maternity leave and/or returned to work part time and/or sought flexible work hours; and
- The need for further legislative reform to address pay equity in Australia.

WITNESSES

**MATHEWSON, Mr Darren John, Chief Executive Officer, Aged and Community Services
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Committee met at 11.39 am

CHAIR (Ms Jackson)—This is the 26th public hearing of the inquiry of the House of Representatives Standing Committee on Employment and Workplace Relations into pay equity and associated issues relating to increasing female participation in the workforce. The committee does not require you to give evidence under oath, but I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. I would also like to advise you that proceedings are being broadcast on the internet.

[11.41 am]

MATHEWSON, Mr Darren John, Chief Executive Officer, Aged and Community Services Tasmania

Evidence was taken via teleconference—

CHAIR—Welcome. We have received your written submission. Would you like to make any additional submissions or an opening statement before we proceed to questions from the committee?

Mr Mathewson—I have no additional submissions or an opening statement. I am happy to take questions.

CHAIR—How many organisations do you represent and can you give us an overview of the industry and the number of employees?

Mr Mathewson—We have approximately 44 member organisations that operate over 90 facilities across the state. These range from small, low-care 30-bed facilities through to larger 250-bed facilities. We have a diverse membership in terms of the size of the organisations, in that we have larger members that may run up to nine facilities right down to single, community based organisations. The aged care sector is quite different from the other states. We have a domination of not-for-profit providers. Ninety five per cent of our sector is not-for-profit community based providers. We employ up to 7,000 people in our sector. In our smaller regional areas, we are often either the predominant employer or at least in the top three.

CHAIR—I want to ask about the mix of staff in the facilities. Are they predominantly care staff or registered nurses, or some combination of both?

Mr Mathewson—Our staffing would be dominated by what we term as our non-nursing staff, which is a mix of personal care staff from the kitchen, laundry and those sorts of areas. We obviously have registered nurses, but they are outnumbered by those other staff.

CHAIR—Can you tell me how effective things like enterprise bargaining have been for wage outcomes in your sector?

Mr Mathewson—A number of our facilities are under collective agreements, though not all are. A number have chosen to stay under award provisions. But where they have bargained collectively, that has produced outcomes that have generally kept up with CPI. However, the current trend for our facilities in Tasmania is that they are struggling to produce fair bargaining outcomes. They will admit it for the workers that they employ. We have situations currently due to viability issues in our facilities where our operators are arguing for a wage freeze or can only offer annual increases of around one per cent, which means that as other award rises are put in place generally they are starting to catch up.

Mr PERRETT—What percentage of the workforce across the facilities are female?

Mr Mathewson—Well over 85 per cent of our workforce are female.

Mr PERRETT—Would that percentage be reflected in middle management and upper management?

Mr Mathewson—Generally not. I suppose middle management would be closer to that percentage, but the senior management ranks probably have a larger male component.

Mr PERRETT—More than 50 per cent are male?

Mr Mathewson—In Tasmania it is interesting. I would expect it would probably be closer to 50-50. Because of our smaller facilities, often our chief executive officers are directors of nursing or they do both, or they do the whole corporate office. Largely, where there is a director of nursing they are often female.

Mr HAASE—I am very interested in what you had to say in your submission in relation to profitability of aged-care facilities in Tasmania. I am looking at the notation that the report 2005-06 indicates that 40 per cent nationally are operating at a loss. What percentage would you estimate would be running at a loss in Tasmania?

Mr Mathewson—We believe it is upwards of 60 per cent and, in fact, we also believe it is now accelerating. We have had a number of facilities of late indicate that they are having financial consultants in to do an audit because, at the end of the day, they are travelling towards insolvency.

Mr HAASE—Are these not-for-profit operations?

Mr Mathewson—That is correct.

Mr HAASE—Have any specific systemic factors been identified as to why they are operating at a loss?

Mr Mathewson—There are very clear systemic factors. The subsidies and funding that we receive have not kept up with the costs of care over the last 12 years. The indexation we receive on an annual basis does not keep up with CPI. In fact, this year we received, I think, a 1.93 per cent increase in our subsidies. Although we get a flow-on from the pension increase for this year, in coming years that flow-on will obviously not be there.

Essentially that is one of the biggest issues: the fact that we are struggling to cover the full costs of care. One of the restrictions we have is an inability to increase our charges to respond to rising costs of care. In Tasmania, for example, we are currently being hit by a huge increase in energy costs, we are unable to respond like a corner shop or a business would and increase our prices because they are all regulated and capped.

The other thing I will point out which is a particular Tasmanian struggle is that the regulatory system is rather large and is a big demand on the resources of the sector generally. The smaller facilities in Tasmania struggle with the paperwork and the demands of the regulatory system and we have never actually been provided with any additional resources or funding to be able to cope

with that. A number of our smaller facilities are, basically, almost folding simply because they cannot comply with that sort of regulatory system.

Mr HAASE—You said the regulatory system is placing pressure on your ability to break even. This of course would be placing pressure on your ability to give wage increases or to employ staff at a reasonable living wage, which certainly conflicts with what we as a committee are trying to achieve.

Mr Mathewson—That would be correct. Also one of the trends that we have experienced is that of losing our workforce because of the demands of the regulatory system. A personal-care worker in a workplace who wants to deliver care is constantly frustrated with the non-direct care regulation system that is quite punitive and, as a result, being often caring personalities, they are aggrieved by that and indicate they do not want to work in a sector where people are treated like this. We often lose them.

Mr HAASE—Do you find the profitability is determined by location? Do you find metropolitan operations are financially successful and the more rural or remote locations are less successful? I realise I am thinking of my electorate in Western Australia compared with the situation in Tasmania, but it may still be relevant.

Mr Mathewson—Whilst that may be the case in the larger eastern seaboard states, it is not the case in Tasmania. For example, we looked at the general size of bonds in low care. We have a smaller capacity in Tasmania because obviously our house prices are much lower but, generally, we do not get access to large bonds, and that is not even the case in Hobart—that is certainly what our metropolitan providers are telling us. In regard to our last two closures, one was on the north-west coast, which was a small low-bed facility in a larger town, and the other one was in Hobart. We are finding that the viability issues in Tasmania are right across the board. Our view is that the current policy drivers for aged care are forcing our smaller facilities, particularly in regional areas, out of the sector—and eventually that will happen—and therefore out of their communities. We have already seen a number of smaller ones close which means their elderly are then disconnected from their communities. We believe that, if the current policy drivers continue, we will only end up with, I suppose, three to five, or maybe a few more, larger residential care facilities in our metropolitan areas. We believe the viability issues will potentially only be eased a little bit by size.

Mr HAASE—Just for the record, my findings indicate that, away from metropolitan areas, country aged-care facilities cost about 40 per cent more to run.

Mr SYMON—Going to your submission, what percentage of people in care are in community care versus residential care in Tasmania?

Mr Mathewson—I might have to take that on notice. I do not have that information in front of me, but I certainly could find it for you. I can tell you that the trend in Tasmania particularly is for a growing number of people in community care. In fact, we have empty beds in residential care which only go to increasing the viability issues for us in Tasmania for our residential care facilities.

Mr SYMON—The reason I am interested in that is that you say in your submission that community care packages do not receive the annual additional interim increase of 1.75 per cent. I presume you are talking about the conditional adjustment payment.

Mr Mathewson—Yes.

Mr SYMON—That would be 1.75 per cent every year that they would drop further behind. This is now in for another four years, so if you multiplied that out and looked at it in four years time it would be an even bigger gap.

Mr Mathewson—Yes. In fact, the trend that we are experiencing in community care is that our providers are now having to put a cap on the number of hours they apply for these packages, otherwise they are applying substantial hours to a package which just outstrips the subsidy they receive.

Mr SYMON—Along with the number of people in care that I asked you before, what percentage of the workforce is in community care versus residential care?

Mr Mathewson—Again, I am happy to that on notice and feed that back to you.

Mr SYMON—Okay, thank you.

Mr NEUMANN—You made the comment that workers in your sector in Tasmania who are represented by unions and engaged in collective bargaining are keeping up with the CPI increases in terms of their wages claims?

Mr Mathewson—Generally they would be. We have had a number of new disputes in Tasmania recently, simply because the provider has struggled to offer increases consistent with that, but it is likely and completely usual for the unions to expect at least a minimum of CPI when they hit the table to negotiate increases. Generally our providers would like to be able to put that on the table as well.

Mr NEUMANN—Which particular unions are represented?

Mr Mathewson—We have both the Health and Community Services Union and the Australian Nursing Federation in Tasmania. The Health and Community Services Union represents our personal carers and non-nursing staff, and they also have coverage of aged-care nurses as well. The Nursing Federation represents nurses—and enrolled nurses, obviously, in that mix.

Mr NEUMANN—Mr Mathewson, you would be aware that the Australian Nursing Federation has been particularly vocal with the Because we Care campaign, and Ged Kearney from that federation has been particularly vocal in relation to the pay inequity between nurses who work in the aged-care sector and those who work in, say, public hospitals, claiming that there is a discrepancy of about \$300 per week. Is that your experience? If so, how can we address that challenge to reduce the pay inequity between the sectors?

Mr Mathewson—There is inequity between the sectors, in nursing as in other occupations. I am not sure it is necessarily across the board at the \$300 level, but it is certainly there. As far as what we can do about that, my view is that aged care, particularly with our ageing population, is an area of specialisation. It is also an area, particularly when you look at the changing nature of our residential care facilities, that is becoming sub-acute, so there is a demand for medical services. It is also part of the broader health system as well. So there is no reason why our acute system should be far in advance in terms of wages above aged care. How we deal with that in a collective bargaining environment is very difficult. In Tasmania, where our public sector nurses really set the standard and have the capacity to draw off the state budget, we do not have that; we have set subsidies, so it is much harder for us to advance those sorts of wage increases.

Mr NEUMANN—Finally, you would be aware that the federal government is trying to entice nurses back into the workforce with \$6,000 incentives. Has there been any response in Tasmania to that, from your experience?

Mr Mathewson—The last I checked, there had been none. To tell you the truth, it is probably highly likely that has not changed.

Mr NEUMANN—Thank you.

Mr RAMSEY—Mr Mathewson, this inquiry is primarily focused on pay equity. You highlighted in your submission that your industry is already severely cash-strapped and operating at losses in a number of facilities. We know from previous evidence that one of the reasons we have these pay inequities in the system is that women are working in industries where the wages are lower, and this is a prime example of that. What kind of increase in funding do you need just to stabilise the system, and then how far behind do you think we are? This will obviously come at an enormous cost to government, taxpayer or something somewhere down the line if we are to address all these issues. Can you quantify that at all?

Mr Mathewson—People often ask the question. Over the last 12 years, we have fallen behind in covering the costs of care to the tune of around 15 per cent. When you look at the annual indexation we have received and the CPI, you will see that that is the reason. That is a minimum injection that I would start from, realising that that would be highly unlikely in terms of what the environment is at the moment. However, that needs to be also seen in the context of a government being prepared to look at our accommodation charges and some level of deregulation, not full deregulation, that would allow us to respond to the market to some extent. A combination of those two, we believe, would allow us at least to start to cover the costs of care and start to create a viable sector that is prepared to deal with that, particularly in Tasmania where we have the fastest ageing population.

Mr RAMSEY—This does cut across a lot of different areas. In regard to the underfunding issue, in general terms would you consider the idea of high-care bonds?

Mr Mathewson—That is certainly one option that is in the mix. What we have talked about before is considering separating the costs of care and the costs of accommodation. Obviously care costs are subsidised by the government and they are capped, and they are in place to ensure that even those of highest need have access to the best quality care in the system. There is some flexibility around, particularly, accommodation charges and there may be a number of options

put in place for the way people pay for that accommodation. The reality is that with the requirements around what we are expected to build in the sector, we cannot recover that with the capped accommodation charges as they currently are.

Mr RAMSEY—I believe there was undersubscription in the last round of aged-care places in Tasmania—is that correct?

Mr Mathewson—That is correct. In the last two rounds there has been undersubscription.

Mr RAMSEY—Has that led to extra demand? Are you feeling under stress in that area?

Mr Mathewson—There is enormous demand in Tasmania for community care places and the waiting lists are growing there, plus there is enormous demand in some areas of Tasmania, but it is inconsistent across the board. Tasmanians are particularly committed to ageing in their communities. What the system can lack from a Tasmanian perspective at times is the capacity to choose. As we see the smaller, community based places close, people are losing the option of doing that and they are having to move to other facilities. There are waiting lists in some regions and there are empty beds in others.

CHAIR—Can you tell me, for example, whether a cook in a residential aged-care facility is paid less than a cook in a private hospital or a public hospital?

Mr Mathewson—Yes.

CHAIR—So it is very much a sector based thing as well as being a predominantly female occupation?

Mr Mathewson—That is correct.

CHAIR—Are your residential care facilities able to offer community care work as well or is there the restriction that you are either a residential care service or a community care service?

Mr Mathewson—In Tasmania a number of our providers have diversified and the reason they have done that is to survive. They have diversified both in terms of community care and in terms of independent living units. A number of them now have people employed not only as personal carers in the residential care facilities but also in community care. We are also very keen and have continued to talk our providers about the options of providing employment across those two sectors because one of the barriers at times in Tasmania for people working in a single location is transport, and we find that community care can give people the ability to operate in their local community without those particular demands.

CHAIR—So a personal care worker might, in her weekly employment, spend some time in a residential facility and some time in individuals' homes providing community care?

Mr Mathewson—That is correct.

CHAIR—And that is under the one employment contract or multiple contracts?

Mr Mathewson—That can be with a single organisation under a single contract, or they can have separate contracts under an employer, if that employer wants that complicated mechanism. And sometimes it is different employers.

CHAIR—As part of that, our specific concern is pay equity. We have had lots of evidence before the committee that this is about the fact that the work that women generally do is undervalued. If we were going to address this, it is my inclination that you would have to put a fence around additional funding directed to wages. There would be some aged-care providers who might like to see money spent on other things as opposed to going directly to wages. I would be curious as to your response to that. As part of your response, can you touch on skills training issues in the sector? Increasingly we have been told that there is a move in other states to Cert III and Cert IV qualifications being reasonably commonplace in the sector.

Mr Mathewson—With respect to the first one, that is certainly something that has been raised with us and it is part of the ANF campaign as well. I can say from our members' perspective in Tasmania that we are acutely aware that our workers are undervalued and not paid what we believe they deserve. As far as how you put a fence around where the additional funding goes, the reality is, when you look at our facilities, that your labour costs are anywhere from, in some cases, 68 per cent and, in smaller facilities, they can be 83 per cent. Generally your additional funding, including what has been paid to us in the past—like the Conditional Adjustment Payment—has gone to wages. When you look at the trend lines, where our costs have increased, that has been the major cost. I had a call from a smaller member the other day, because we were looking at a project to try to share some services to minimise those costs. Their view is, 'That is such small fry compared with our labour costs' and there is recognition that additional funding would actually have to flow to that area. We can make it a big debate, but my view is that my providers in Tasmania would be filing it through to wages, but obviously where they have got other issues around the regulatory framework, they are going to have to put some investment there.

CHAIR—Is there not some mechanism, or something already in place, about the regulatory burden in aged care?

Mr Mathewson—There is a review of accreditation happening at the moment. I can say that there may well have been others. There have been that many reviews in aged care. None of them seem to be actually producing any change.

As far as the training system goes, yes, our members are moving to Cert III and Cert IV, and we encourage that. We believe that there is a huge underinvestment in the education and training system in this state. We have had a number of RTOs basically close down or pull out. The access to training for people who would like to become personal carers in our sector has diminished to hardly anything. We are trying to talk to anyone we can about the need to professionalise this sector upwards. It should be seen on a level field with the acute system in terms of investing in education infrastructure. We are having discussions with, for example, the University of Tasmania, in terms of looking at establishing a partnership and a hub-and-spoke education model that would actually improve clinical placements around the state and that would look at producing opportunities for personal carers, like doing a diploma in dementia care. We are looking at all that and we have certainly put it to the minister's office and department, and we

have not heard anything. My view is that there needs to be a conscious decision in this education revolution to look at a sector like ours and say, 'This is where it should actually be occurring.'

Mr HAASE—In your mind, what structural and regulatory adjustments might government recommend, or in fact make, to improve the wage structure of the sector?

Mr Mathewson—As I have said, there have been a number of reviews of aged care, the recent one being the Senate inquiry. I certainly think one thing would be additional funding. In terms of our state, I think there needs to be recognition that there are specific challenges. I perceive Tasmania as a regional area as a whole; therefore, when you look at 40 per cent additional costs of operating in, say, regional WA, I think we bear that, or close to that, across our state and we need some acceptance of that. Structural changes around how the user-pays charges are dealt with in the sector are important. In terms of the workforce, there needs to be a move towards professionalising the sector through an education and training system and towards building some partnerships around it. We have an acute sector that is supported in its research, academic and educational programs by universities, and I cannot see why we would not have the same infrastructure in place for aged care.

As far as wages themselves, we have the Fair Work Bill that has come in, with Fair Work Australia and the commission, and I think there is now a need to look at work value in a broad sense, if that is what it takes, and to take a courageous decision on the care professions and how we value that work, particularly in terms of those professions being dominated by women. Whether you do that through those institutions or whether you have an independent body that is prepared to look at that in an ongoing way, I think that has to be an important part of it.

Mr HAASE—Thank you.

CHAIR—Thank you very much for your appearance before us today. There were a couple of questions asked that you said you would take on notice. If you could provide that information to the secretariat, we would really appreciate it. We may well have additional questions in the future, following this hearing, and if we do the secretariat will be in contact with you. We also will send a copy of the transcript of your evidence to you, to which you can make corrections of grammar and fact. On behalf of the committee, thank you very much for your time this morning and for your submission. It is much appreciated.

Mr Mathewson—Thank you very much for the opportunity to attend over the phone.

CHAIR—Good on you.

Resolved (on motion by **Mr Perrett**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.13 pm