

# Accountability Report

March 2021

*By: Aged Care Crisis Inc.*

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**It's time to make aged care accountable.**

To who?

**To citizens and their communities.**

# About Aged Care Crisis

Aged Care Crisis Inc. (ACC) is a voluntary community group formed in 2005. It has been joined by individuals who were alarmed by what was already happening in aged care.

ACC's major focus has been on collecting information and writing submissions to inquiries, reviews and consultations - about 100 so far. We have tried to expose what has happened, explaining why the system was failing and challenging these inquiries to examine the market-led system. ACC urged accountability and change.

For the last 12 years, ACC has been pressing for a greater role for communities and a more decentralised system of management and oversight – a move towards a community-led market.

**The Royal Commission:** ACC participated in meetings with the minister to set the terms of reference for the Royal Commission. We have made several submissions to the Royal Commission pressing for greater involvement of and accountability to the community. We have criticised the Commission for not properly analysing the market-led system, the ideology behind it, or its role in causing the market to fail, during its public hearings.

The hearings planning reform were dominated by industry, government organisations and economists. ACC has been concerned that these hearings have failed to seriously discuss greater community involvement.

# Introduction

This report is in response to industry's campaign "*its time to care about aged care*" and it's accompanying report prepared by the recently formed aged care industry group, the *Australian Aged Care Collaboration*.

Their report documents the underfunding of aged care and shifts the blame on to government without acknowledging the crucial role that industry has played in the failure of aged care.

We disagree.

Our report focuses on the role that providers of aged care have played in:

- designing, implementing and promoting the failed aged care system that has neglected and abused our elderly citizens.
- complicity in hiding and concealing what it has been doing and the consequences; and
- the extent to which they have targeted and tried to silence those who have spoken out about what was happening.

## Introduction to market structures

We need to examine two very different market types; the one we currently have which approaches aged care primarily as a market-led or business driven model and the fundamental community-led service model which might have existed if industry had not resisted it so strongly.

### A Market-led aged care system

We currently have a **market-led aged care system** which is based on the free-market belief that competing self-interests will always give the best outcomes and that they should be allowed to do that and not be interfered with.

Its features and consequences are:

- Dependence on people being self-interested and having knowledge and capacity
- In aged care this market is expected to meet the requirements of customers, in this case the frail elderly. It is expected to adopt a culture that puts their interests first even when good relationship based care costs more, and providing it is not in the providers' commercial interests.
- Those who successfully tokenise care (create a false impression of caring) while prioritising commercial competition prosper.

### A Community-led aged care system

The second type of market system that was resisted by industry over 20 years ago is the **community-led aged care system**. In this system values like altruism (selfless motivation) and responsible citizenship are the driving force. It depends on people being concerned about and helping one another. It recognises that people are often vulnerable and can be exploited. Businesses still provide these services, but they have to work with communities and do it the way they want.

Its features are:

- Markets are directly accountable to the communities they serve.
- Providers of services are expected to embrace their values and meet their humanitarian requirements.
- Those whose past conduct shows they cannot be trusted are prevented from becoming owners or providers of care. They are excluded by probity (trustworthiness) requirements. Those who later fail to meet communities' expectations are soon expelled. Those who meet expectations prosper.
- The requirement to meet community expectations releases staff from competitive managerial pressures and enables them to express their humanity.

## Background and history

Between 1960 and 1997, both types of market competed for legitimacy in aged care. In the 1980s, attempts were made to address problems in the aged care market by moving towards a community-led market system. Attempts were made to support local management and to involve communities in watching over their members.

Powerful vested interests and the dominance of a new one size fits all unregulated free-market ideology (belief system often called neoliberalism), saw a swing back towards the first model in the 1990s.

In 1997, all markets including aged care became market-led and a one size fits all approach was adopted. Aged care was soon centrally managed and controlled. Communities were marginalised. The system has steadily deteriorated over the last 23 years. Many staff and families, who have experienced the system, have complained that care is compromised in order to increase profits. Attempts at self-regulation using governance processes have failed.

# Analysis

Aged care industry groups have responded to exposure of their conduct by the Royal Commission and the trashing of their reputations by forming a single group, the 'Australian Aged Care Collaboration (AACC)'.

Its role is to rebuild industry's shattered reputation and ensure that the sector remains industry-led. They are doing so by denying responsibility and blaming government. They are persuading citizens to sign up and be seen to be supporting them and their market-led system.

The AACC campaign website <https://careaboutagedcare.org.au> contains a non-specific online petition to support their action. While it is a call for action, it does not address their policies or the sort of action they are calling for.

The message the public get from the AACS report can be summed up as *'its not our fault because we were not given enough money'* then *'we want more money urgently'* and finally *'please support us'*.

Our report *'Its time to make aged care accountable'* is to call out what they are saying and doing and ensure that changes are in Australian seniors and their communities' best interests.

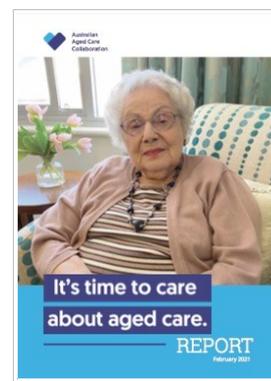


## Background to the AACC's report

The sixty-page AACC report contains multiple large photographs of devoted carers, happy seniors, as well as many tables and graphs. It looks impressive.

The report correctly claims *"Australians strongly support increased funding of aged care"*. But Australian's support and are prepared to pay a levy like Medicare that spreads the unpredictable load of care more evenly. They want that money to be spent on care.

Industry would like and expects users to pay more. The current practice of offering services as extras is less regulated and more profitable.



## AACC report - Section 1: Challenges In the Australian Aged Care System

This section acknowledges that the system is not meeting community expectations. It documents the major failures. It addresses workforce challenges and the COVID-19 pandemic without accepting any blame for the failures in both.

The thrust of the section is on funding. They claim that they have been unable to provide the care expected because government has not given them the money to do so. It is a blatant attempt to absolve the industry of any responsibility for a system that they designed and supported.

It then lists 31 of the aged care inquiries that have failed to result in any improvements in the system. It does not attempt to explain why they failed to advise real change and why their findings *"fell on deaf ears"*.

**Note:** In the Royal Commissions report (Volume 1 page 75) Commissioner Briggs indicated that *"providers have been critical contributors to the systemic problems of the aged care system"*. They have *"demonstrated little curiosity or ambition for care improvement"*.

Aged Care Crisis made submissions to a majority of these inquiries pressing for structural changes that empowered communities but was ignored. Our submissions challenged the prevailing belief in the infallibility of uncontrolled markets. Unlike industry, we criticised these reports at the time. Industry submissions mostly opposed accountability and other needed changes and supported things like the Red Tape Reduction plan, an excuse for less regulatory oversight.

## AACC report - Section 2: Types of Aged Care In Australia

This section provides data about aged care and avoids policy issues. The data reveals how extensive the underfunding of aged care has been and how the government has failed to provide packages for those who need care at home. It did not mention Community-led care

## AACC report - Section 3: Who Can Fix Australia's Aged Care System?

This section was about their campaign to the community and influencing politicians. They are targeting older citizens. The report looks at which parliamentary electorates contain the most seniors and which of them are marginal.

They will receive more support from older citizens because aged care is more relevant to them. This is where they are concentrating their efforts because it will have the most impact if industry are to get what they want.

**Note:** They are promising the respect, resources and support the elderly deserve, but these same people have been promising that for the last 20 years. Even when provided with considerable additional funding, they did not spend it on care.- We want to warn older Australian that this report might not be what they would want to support if they knew all the facts.

## The Real Story

The one thing that both industry and government are scared of is any involvement and control by the community. It is not commonly realised that at the heart of free-market beliefs is an extreme distrust and a rebellion against any control by what it euphemistically called the "collective". This was condemned as socialist and undemocratic.

### Examples

1. In 2015, Peter Shergold, who had recently retired as chair of government's policy-making body the Aged Care Sector Committee, spoke to a closed door workshop of international businessmen and politicians<sup>1</sup>. He said "*government is concerned about a public backlash from people who believe that aged care should be a community service and not motivated by profit*".
2. In 2017, ex-Prime Minister John Howard was alarmed when the National Party pressed for a Royal Commission which would publicly examine the banking industry so that citizens could see what was happening<sup>2</sup>. He said "*I would be staggered if the Coalition proposes a bank royal commission, that is rank socialism*". We now know what would have been hidden had the community's anger at the banks conduct not forced this.

You may like to reflect on what this reveals about our democracy and our expectation that the politicians we have elected over the last 20 years actually have represented us and were trying to do what we wanted.

<sup>1</sup> IPS Closed-Door Workshop on "Aged Care Service Models: Challenges, Trade-offs and Policy Responses" Workshop Report May 2016 [https://lkyspp.nus.edu.sg/docs/default-source/ips/report\\_aged-care-service-models\\_1005161.pdf](https://lkyspp.nus.edu.sg/docs/default-source/ips/report_aged-care-service-models_1005161.pdf)

<sup>2</sup> John Howard slams bank inquiry as 'rank socialism' Financial Review 23 Nov 2017 <http://bit.ly/3290JnX>

## The early years

**1960 – 1980 The first failures:** Problems in aged care developed after government started funding the private market to provide services in the 1960s. This is when potential profitability first attracted businessmen to the sector. Inquiries in the 1970s and 1980s identified the rapidly developing problems and recognised that the system could only be effectively managed and controlled regionally and locally.

They urged integration and support for regional and local management as well as greater involvement of communities. The Giles review in 1985 exposed neglect and failures in care similar to the current Royal Commission.

**1980 Reforms:** Reforms in the mid 1980s were strongly and often successfully opposed by industry who derisively described the recommended community involvement in oversight as a “*busybody scheme*”.

Government did take steps to protect the money provided for staffing and care from profit taking. Providers had to account for every penny of this money spent and refund any left over. There were minimum staffing requirements.

A study in Victoria in the mid 1980s had shown that nursing levels were inadequate and found that levels similar to those now advised in the USA were needed, but government refused to support or fund them.

A new often on site rigorous investigative system examined outcomes and drilled down to identify problems and see that they were addressed. It was thought to be one of the best in the world.

Probity regulations ensured that only those whose past conduct showed they could be trusted were licensed to own aged care companies.

**1990s Reform stagnates:** After unsuccessfully challenging the reforms in the courts, industry regrouped. Community anger after the exposures in 1985 soon abated and the Keating Labor government increasingly adopted free market reforms during the 1990s. Industry exerted strong pressure and the reform program ground to a halt.

## 1996/7: Industry get into bed with government

**Industry involvement:** The industry rallied around aged care mogul Doug Moran. They were soon supporting and working closely with the Howard led Liberal party, which gained power in 1996.

Industry’s advice and involvement in designing the new 1997 legislation that turned aged care into a free market was so great, that Doug Moran later claimed he had written the legislation and was angry when Howard abandoned some of his policies<sup>3</sup>. Industry has had its hand on the rudder ever since.

Its members have been appointed to senior positions and contracted as advisors. They were often described as “*experts*”. Industry has been consulted at every step. Its advice was followed. Even government has described this as an industry-led or sometimes industry-driven aged care system. It has justified its hands off approach and claimed that this makes industry responsible.

**1997 John Howard’s free market changes:** Multiple warnings were ignored in 1997 as previous laws controlling market excesses were repealed. Accountability was abolished for how money was spent, how much and where profit was taken, and for staffing numbers and skills. Probity requirements were abandoned and there was no mechanism for assessing owners. Any Tom, Dick or Harry who had enough money could buy nursing homes and appoint managers to run them the way they wanted.

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<sup>3</sup> Philanthropist who shaped elderly care The Sydney Morning Herald, 3 Dec 2011  
Matters of Public Importance - Nursing Homes - House Hansard - 1 October 1997, Page 8926: <http://bit.ly/2qHqng9>

The Royal Commission has blamed the Howard government for rationing money for care and that has continued. At the time government were being advised by the very credible chair of Sun Healthcare, a very successful US company that was welcomed to Australia at the time.

His mantra was that government should butt out and let industry fix the problems. There was plenty of fat in the system and you did not need expensive highly trained nurses. The advice that too much money was being spent came from, at the time, a very credible international industry leader who was promising to fix our expensive system. Others believed him too.

**Accreditation:** The effective regulation already in place was abolished and replaced by accreditation. This is a process driven system that largely assists providers to regulate themselves. It had failed repeatedly in the US health system. When Ronald Reagan tried to introduce it in the 1980s, it was blocked by congress after a public outcry. Howard adopted it in 1997.

Accreditation has enabled government and its supporters to take control of the information the public receives, limit publicity and make unsupported claims. It has hidden the steady decline of staffing and care in a deeply flawed system.

A graphic example of this revolving door and industry self-regulation was when in 2014, CEO of Leading Aged Care Services (LASA), the body representing industry, was made CEO of the aged care regulator, the new Quality Agency (the renamed Accreditation Agency) - a graphic example of a revolving door.

Providers success rate in achieving perfect accreditation scores increased steadily from 64% to 98.5% at the same time as care and staffing got progressively worse. This deceptive system has enabled providers to resist criticism and instead, boast about a world-class system with world-class regulation. It was anything but. Those like Aged Care Crisis who tried to expose what was happening, analysed the reasons for failure and made submissions proposing changes to address the problems, were ignored.

**2004 Economist's solutions:** Further pressure was generated by the 2004 Hogan Review. He accepted accreditation results and concluded that providers who were profitable performed equally well at accreditation and that those who spent more on care were inefficient. They needed to improve. Providers who were providing good care came under pressure.

**2005 Staffing:** Staffing levels were falling and unions were trying to resist. Companies were not making the sort of money they expected and complained. Big banks and private equity refused to invest. Government came to their rescue and passed WorkChoices legislation to limit union power.

Banks and private equity now invested heavily in the big companies and were represented on boards. Their approach to business was exposed by the recent Royal Commission into banking. Their likely role in seizing opportunities to reduce staffing or compromise aged care in other ways has not been examined.

**2010/11 More economic medicine:** Failures in care, with many scandals reported in the press increased, as did community unhappiness. The 2010/11 Productivity Commission Inquiry appointed by Labor focused on an effective market and gave industry everything it wanted. Aged Care Crisis was critical and explained why this would make things worse<sup>4</sup>.

**2012 Labor's LLLB policies:** The 'Living Longer Living Better' (LLLB) reforms were based on the Productivity Commission report. They were crafted by Labor's Mark Butler<sup>4</sup>. He worked closely with industry-dominated group, National Aged Care Alliance (NACA). NACA strongly supported the Productivity Commission's recommendations. Butler followed their advice.

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<sup>4</sup> Why the appointment of Mark Butler as Shadow Minister for Health and Ageing is significant <https://www.agedcarecrisis.com/opinion/articles/453-why-appt-of-mark-butler-is-significant>

Failures and scandals increased in 2012 and spiralled out of control in 2013 and 2014. Aged Care Crisis wrote to Butler about these issues on several occasions but was ignored.

NACA's own history described just how much influence COTA and NACA had:

Funding from government was provided *"through a contract with COTA Australia in 2012 and committed through to 2020, - - to form the Aged Care Reform Team which leads, supports and enables the implementation of advisory groups that work with the Department of Health"*.

The Aged Care Reform Advisory groups were *"joint initiatives between the Alliance and the Department of Health, provide information, and develop and advocate for particular positions on behalf of the sector to the Department and government on the implementation of ongoing and proposed reforms"*.

Another document<sup>5</sup> claimed that *"A lot of work went into Mark Butler"*. It quoted a senior Labor politician saying that the LLLB reforms *"wouldn't have gone ahead without the Alliance"*.

*Source: NACA's History<sup>6</sup> (extracts)*

**2013 to 2016 - Abbott's Red Tape Reduction Plan and Aged Care Roadmap:** When the Abbott government gained power in 2013, Morrison and Fifield took control of aged care. Close co-operation with Industry and NACA was increased by creating the Aged Care Sector Committee. Together, they designed the Aged Care Roadmap and the Red Tape Reduction program that enshrined free market principles and gutted regulation further.

**Competitive consolidation:** Considerable additional funding became available from extending bonds (renamed to Refundable Accommodation Deposits, (RADs)) to high care, extra user fees and government funding. Instead of spending this money on staffing and care, industry rapidly engaged in a process of competitive consolidation, buying up smaller competitors in order to gain market share and control. Several companies listed on the share market to get more money.

This put more pressure on care and staffing. The larger the income stream, the more money could be borrowed for expansion. Starting in 2012, there were multiple accounts of rorting (called maximising) of the funding system. Families who had carefully selected a provider who struggled financially because it spent money on care, were often acquired by one that did not.

**2016 - Pulling the plug on rorting:** When Turnbull replaced Abbott, government finally pulled the plug on rorting and cut back on funding. Many providers were soon in financial difficulty. Care continued to deteriorate rapidly until the Royal Commission was called in late 2018.

**Consequences:** When competitive consolidation has occurred in other countries, particularly the USA, excessive borrowing, large debts and rorting have occurred. When rorting was blocked, interest on loans could not be paid and companies collapsed. To protect the residents, governments have been forced to bail out rather than prosecute the offenders. It is likely that this has happened in Australia too. Many of these companies are now too big to fail because of the devastating impact on residents. Taxpayers will be paying to bail them out.

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<sup>5</sup> NACA Sponsors Workshop 12 April 2016 <https://bit.ly/3q70qFu>

<sup>6</sup> History of the Alliance, April 2000 to July 2019 <http://bit.ly/3a7WTjO>

## Conclusion

The Australian Aged Care Collaboration (AACC) is correct in that governments of both major political parties are jointly responsible for what has happened, for implementing flawed policies and turning a blind eye to glaringly apparent and repeated market failure. In their obsession with efficiency, they have rationed funding for care and this is a major contributor to the problems.

Industry was as culpable as government because these have also been their policies, and they were involved in almost every decision, except that to stop them rotting the system.

Representative are emails between department members in 2018. The group of industry representatives advising the minister were called “*critical friends*”. Few, if any policy decisions were made without asking their advice. This group included a single representative from one group, claiming to represent senior’s interests. It has been closely involved in designing the failed system we have and in marketing it to the public after each ineffective reform.

**Industry deception:** In the AACC’s press release, the CEO of LASA states that “*Under-resourcing of the aged care system has been growing for a long time*”. They were getting the money and as providers they must have known. Why did they not tell us about this long ago? Why didn’t they warn us and support us so that we could take action to help them? Surely as citizens they had a duty to tell us. Instead, we were told we had a world-class system.

Had the industry had a good working arrangement with communities, had they worked with those who blew the whistle and critics who knew that the system was not working, they would have enlisted the support that they needed.

Instead, they fired whistleblowers, then attacked and discredited critics. Both industry and government were supported by the supposedly independent Accreditation Agency. They all connived in deceiving us by hiding information and then claiming a world-class system and world-class regulation.

They did not tell us they were underfunded and struggling. If they did not know that they were neglecting and abusing frail elderly citizens, many with dementia, then they were deliberately and wilfully blind. They traded on our trust, our gullibility and the lack of information we had. In seeking our support for their campaign to remove rationing and be trusted with our money, they are still trying to capitalise on community ignorance.

Money does not grow on trees. Older citizens don’t want lavish lifestyles at the expense of their children and their grandchildren. They do want fairness and to be treated decently, not neglected and abused. Their children want them to be well cared for.

Industry and government have not behaved responsibly. As a community we must see and ensure that our money is used fairly and well. We need a system that allows us to do that.

Both government and industry have shown that they cannot be trusted and so lack probity. To fix this we must take back our democracy and ensure that both are directly accountable to every community and every citizen. They must show by the way they work with us that they can be trusted.

## Implications

We agree that “*Australia now has the greatest opportunity in a generation*” but we should not let this disgraced industry hijack the opportunity for their benefit. We should not support any changes this disgraced and untrustworthy sector propose until we know exactly what is being planned and that industry and government have agreed to structural changes that include communities and make both of them accountable.

It is clear that much more money is needed, but it would be a mistake to give this industry more money before they and government agree to the sort of structural changes needed to make the system work by being directly accountable to our communities.

The changes we want and need must make these untrustworthy providers directly accountable to the interested communities to whose members they provide care. We should never again delegate this to a distant and impersonal government agency. They connived with industry in neglecting and abusing our parents and grandparents. This is an essential step if we are not to enter another cycle of ineffective reforms and eventual failure.

Aged Care Crisis's position statement<sup>7</sup> specifically addresses the issue of community-led rather than market-led aged care.

## Other Matters of concern

### Cultural problems

Its easy to understand why failures occur and why there are staffing problems

**Markets:** Competitive free markets are by definition and by their very nature, driven by self-interest and the interests of owners and investors. They achieve their benefits when a balance of power ensures that the interests of providers of services' are best served by meeting the expectations of those served because they have more power.

Relationships are based on a shared interest in the commercial transactions and so essentially impersonal and for mutual benefit - transactional.

When that balance of power does not exist, and the community is not able to protect the weaker party, the weak will be exploited.

**Community responsibility:** There is an additional important factor when providing caring services, because every community has a direct social responsibility for its vulnerable citizens. Relationships between responsible citizens in a community are based on shared understandings and interests.

We instinctively help one another. When some of us are vulnerable or ill we feel for them and experience empathy. We form empathic caring relationships based on mutual trust. Responsible citizens and caring communities are ultimately responsible for their more vulnerable fellows and need to be in a position to assume that responsibility.

As previously indicated believers in free markets have an aversion to oversight by community - a collective. A centralised and top down management style has been a key component of free markets. They have taken control of government services and society as well as markets. They have pushed community aside. The capacity for citizens and communities to hold those providing services to vulnerable citizens to account has been taken away from them. We must take it back.

**Professionalism:** The caring professions are particularly motivated by a desire to serve. They are trained to be empathic and to form caring relationships. They are motivated by altruism. The needs of the frail and vulnerable are their primary concern.

**Paradigm conflict:** When the more powerful providers and managers of a service understand what they are doing and think in a very different way to the communities they serve and the staff who provide the service we call this a paradigm conflict.

We create serious problems when aged care services are run as a business and have business-focused managers but employ professionals and people from the community to provide the care.

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<sup>7</sup> Aged Care Crisis – Position Statement: <https://www.agedcarecrisis.com/news/454-position-statement>

The resulting paradigm conflict leads to cultural conflict (different patterns of thinking, ways of doing and relating).

There is role conflict when staff find themselves providing care in ways that do not allow them to form empathic relationships, be altruistic and give expression to their community and professional values.

When staff values are ignored we often get toxic cultures - angry and disillusioned staff, fighting, bad behaviour and frustration taken out on residents. We have an unhappy and alienated work force and an unhappy facility.

As a consequence the aged care sector has a poor reputation. Good motivated staff find work elsewhere. Senior nurses have spoken about high staff turnover and nurses leaving in droves. Poor staffing and bad care as a consequence are both symptoms of a failed market-led system.

Our argument is that treatment should be directed to the cause of the problems as well as addressing the symptoms.

To be successful in a community-led system providers must adopt community values and provide the sort of care the community requires. Perverse commercial pressures are lifted and managers can join staff in expressing their innate humanity. This problem is addressed.

## Membership of the Australian Aged Care Collaboration (AACC)

### Types of providers

It is interesting to look at the formation and membership of the AACC in the light of the history of the different types of providers. Broadly, they can be divided into two groups.

1. **Non-profits** include government, church and charitable sub-groups. They have traditionally been driven by a sense of religious and community mission. They have not operated as a competitive market.
2. **For-profits** are those who are there to make a profit for their owners. They include private equity, market listed and privately owned corporations as well as individual owners some of whom can be strongly motivated by an ethic of service

**Comparing performance:** In international studies of aged care in countries where data is collected and in Australia when reliable data can be found, non-profits have on average provided superior staffing and failed fewer standards than for-profits. The more profit focussed, the larger the organisation and the larger the facilities (wrinkle ranching), the greater the difference.

**Cultural change:** Following the 1997 marketisation of many services including aged care, some non-profits were so uncomfortable that they opted to vacate the sector they were working in<sup>8</sup>. Some in aged care sold all or large numbers of their facilities.

Most remained and have progressively adopted free market thinking and practices. There is less difference between the two and both reduce staff to compete in containing costs. Limited data suggests non-profits still perform better. Reports that larger non-profits have been reducing staffing suggests that this gap may be closing. Government owned facilities, when adjusted for remoteness, outperform both.

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<sup>8</sup> The Not-for Profit Dilemma Corporate Medicine web site 2006 <http://www.corpmedinfo.com/notforprof.html>

## A brief history of the groups currently representing industry.

**Aged & Community Services Australia (ACSA):** ACSA is the body representing non-profits. The way in which the non-profit providers have converted to market thinking is apparent when discussions about amalgamation with for-profits held between 2010 and 2012 are examined. Leading Aged Services Australia (LASA) was formed to represent them all. Many non-profit providers did not want to merge and ACSA did not do so. It is likely that many became members of both.

**ACSA Management:** There was soon a revolving door between non-profits, the for-profit providers and government. The extent to which this new convert to a belief in free markets came to identify with the market-led system, is illustrated by the much more aggressive way it defended the system and tried to discredit its critics.

ACSA has attacked and attempted to discredit critics including academics who publicly challenged policy or spoke out about the failures they encountered in their research and teaching.

### Examples

1. In 2007, when the founder of Aged Care Crisis first wrote<sup>9</sup> about what was happening, it was the CEO of ACSA who accused her of missing the central point which was *“Australia has one of the most robust accreditation and complaints systems anywhere in the world”*. To be fair he did complain about funding.
2. In 2007 an academic went public about the failures and many problems she found in her research<sup>10</sup>. In her thesis she analysed and explained what was happening in aged care and why<sup>11</sup>. ACSA’s South Australian subsidiary responded angrily and met with university staff to see what could be done<sup>12</sup>. They were forced to accept her right to academic freedom. They discussed a strategy to ensure this did not happen again and *“ensuring that researchers and students entering the work place are better educated about aged care issues”*.
3. In 2014, another nurse academic spoke publicly about what she had seen and the way the new reforms and particularly regulation was failing<sup>13</sup> saying *“nothing’s been done to fix the inconsistent and broken system”*. The response from ACSA’s CEO was to attack the messenger and not the message calling this a *“number of unsubstantiated claims”* as well as *“shoddy research and trashy journalism”*.

**Explanation:** Social science offers a simple explanation for their greater defensiveness. Because of their origin as community organisations with a mission of caring, they were more threatened by criticisms and had a greater need to defend what the system they now believed in was doing.

In 2012, John Kelly who had been a lawyer advising industry, a director of aged care related boards, a Complaints Commissioner, and been on government committees, became CEO of ACSA.

In 2016, Kelly was succeeded by Pat Sparrow. Sparrow’s early career included roles in state and local government and then ten years with ACSA in various positions. She then moved to COTA between 2011 and 2014 where she was directly responsible for ‘aged care reform’ and in supporting the National Aged Care Alliance (NACA).

<sup>9</sup> Vulnerable elderly deserve better care The Age 19 Nov 2007 <http://bit.ly/3eodP99>

<sup>10</sup> Fears over aged care abuse The Advertiser, 6 Feb 2007  
Experts agree on aged abuse The Advertiser, 7 Feb 2007

<sup>11</sup> ‘Behind Open Doors – A Construct of Nursing Practice in an Australian Residential Aged Care Facility’ Dr A de Bellis Doctoral Thesis 2007 [http://flex.flinders.edu.au/file/7030fbbf-d410-44a7-ad07-ec65a3f32347/1/Thesis-De\\_Bellis-2006.pdf](http://flex.flinders.edu.au/file/7030fbbf-d410-44a7-ad07-ec65a3f32347/1/Thesis-De_Bellis-2006.pdf)

<sup>12</sup> Update on the recent Aged Care Publicity - Extract: ACCS - Snippets, Volume 7 Issue 2, Feb 2007 <http://bit.ly/2ffhwAY>

<sup>13</sup> Questions raised over how national changes will impact aged care sector - ABC News, 1 Aug 2014 <http://ab.co/1p18iFI>

This was the period when Labor's Mark Butler was working so very closely with NACA and COTA in developing the deeply flawed *Living Longer Living Better* (LLLB) reforms that out-Howarded Howard and set the system spinning out of control<sup>4</sup>. COTA led the marketing of the LLLB 'reforms' to the public.

It was also the period when NACA and COTA worked with the Abbott government in implementing the Red Tape Reduction Program that gutted remaining regulation and then created the Aged Care Sector Committee that brought the industry and government even closer together in developing the Aged Care Roadmap. This was the free-market model that increased the perverse pressures in the system and magnified the problems.

In 2014 COTA's aged care reformer, Pat Sparrow, became Aged Care Adviser to government. She moved directly into the department of Mitch Fifield, Assistant Minister for Social Services.

Abbott had moved aged care into Social Services and Fifield was directly responsible. She remained an adviser until 2016 when the next Prime Minister, Malcolm Turnbull and the new minister of health and ageing took action to address extensive rotting in the sector.

Sparrow has been a key aged care adviser during the entire period when the failing Howard system was changed by trying to make it more market-like and drive it harder with market forces. This made it even more dysfunctional. She is deeply committed to it.

To a large extent the failed LLLB program, the damaging Red Tape Reduction Program, the free-market based Aged Care Roadmap that increased the pressures on care and the decision to encourage competitive consolidation in the industry are a result of Sparrow's advice. This system that has failed so badly is her system.

In 2016, when the system she had helped develop started coming apart, Sparrow returned to ACSA as its CEO. She and ACSA have spent the last four years fighting a rear guard action to preserve as much of the 'reformed' system as they can - and influence the Royal Commission.

These are the policies that picked up on Labor's *Living Longer Living Better* (LLLB) 'reforms' and accelerated the decline that ended with the current Royal Commission. The four people leading ACSA and listed on its "*Our People*" web page all have management, marketing and governance skills rather than aged care experience.

**A role for non-profits post Royal Commission:** In our view non-profits, which had their origins as community organisations, should be well placed to lead the way in real reform - in building relationships with community, in adopting open disclosure and in being transparently accountable to the communities they serve.

Sadly that is no longer so. They are now wedded to the legacy of Howard's free markets. As we have indicated, Howard recently described Royal Commissions that transparently expose the market's conduct to citizens (the collective) as '*rank socialism*'.

**LASA:** As we indicated the coming together of providers in 2010 was in response to a movement to form a central organisation to represent the interests of all providers. Leading Aged Services Australia (LASA) was formed in 2012 to do so.

Some of the non-profit members of Aged and Community Services Australia (ACSA) resisted and it did not merge. It is likely that many providers now belong to both.

**The Aged Care Guild:** In 2013 the eight largest, most profitable and once most influential aged care providers formed a separate organisation called The Aged Care Guild (The Guild). Members included private equity owned and market listed companies as well as one non-profit provider.

The Guild's members have copped most of the flack from the press and from the Royal Commission. Their many failures, the huge profits made by owners and executives, and their lavish lifestyles have featured in the press.

In January 2021, the Guild announced that it was disbanding in order to join with other groups to form a single organisation to represent the entire sector in its efforts to regain credibility and influence policy.

It is interesting that there is no mention of the Guild or its members on the AACC web site, in the AACC report or on the LASA web site. AACC did not respond when asked if the Guild members had joined. The interests of these biggest corporate providers are centre stage and they will be seeking to influence policy and not be inactive.

## The Australian Aged Care Collaboration (AACC)

The AACC efforts are now being led by ACSA and the religious non-profits. The orphans that were left behind during privatisation are now centre stage acting for the industry and pressing for their best interests. Sparrow has worked closely with politicians in both major parties and has good relations with them. She knows how to influence them so is well placed to try and rescue as much as she can and then rebuild the sort of system the industry wants. We can see why ACSA is leading the Collaboration and why the other groups are happy to follow her.

It seems remarkable that the non-profits, whose sense of mission and altruistic service were so profoundly altered and undermined by John Howard's policies, have turned to the person who so successfully marketed the Howard brand in 1996.

They have employed crisis and reputation management firm Apollo Communications to help them fix their problem. Apollo is run by John Howard's past Senior Media Adviser, Adam Connolly who successfully marketed the Howard brand in the 1996 election

When we look at what has happened to ACSA and the history and background of Sparrow and her executive team, we can understand why. We can also understand why their target is our politicians.

**Comment:** In the 18<sup>th</sup> century, three hundred years ago there was an old and wise Scottish economist called Adam Smith. Many quote him. He is famous for warning that *"The interest of [businessmen] is always in some respects different from, and even opposite to, that of the public"*. He went on to write that proposals for *"any new law or regulation of commerce"* from them should be viewed with great suspicion because *"It comes from an order of men ... who have generally an interest to deceive and even oppress the public."* That is still good advice and we should heed it. The consequences of not doing so have been exposed by the Royal Commission.

We find it disturbing that the community based non-profits, whom we knew and trusted because they were an important part of every community, now seem to be more closely aligned with the market and are working more closely with and for *"this order of men"* than the communities they serve.