

# Stripped aged care sector dooms our elderly

By *Elisa Barwick*

The rapid spread of coronavirus through Victorian aged care homes reveals the inadequacy of economic systems installed across all sectors of the nation, based on the wholesale adoption of the neoliberal ideology over the last few decades (p. 5).

As at 10 August, 168 Australians had died from COVID-19 in aged care settings. Within thirty days of the first Victorian aged care infection in the so-called second wave of the disease there were over 1,000 cases. While fast transmission in shared housing facilities of any kind has been common around the world, preparations should have been made to ensure staff in all centres were up to the task of preventing the spread. Australian deaths in aged care are over 70 per cent of all coronavirus deaths, one of the highest proportions worldwide.

In a 7 August article published on former Australian Public Service head John Menadue's blog, Pearls and Irritations, Prof. Kathy Eager wrote that "A pandemic throws a perfect mirror onto a society and shines a light on every crack", and they are most visible in aged care, both in Australia and internationally. Eager, who is Professor of Health Services Research and Director of the Australian Health Services Research Institute (AHSRI) at the University of Wollongong, described how governments of both major political parties largely took government out of the equation in aged care, both in running and regulating the sector. The theory was that "competition and the market" would "drive improvements in both efficiency and quality". In practise, most licenses for aged care homes went to "large national and multinational for-profit companies", extinguishing any real contest for higher standards.

A case in point today is the firm called in to provide replacement workforces for aged care centres. Australian-based global health services provider Aspen Medical, which secured a \$1.2 billion contract with the federal government in March, employs the former health minister under PM John Howard, Michael Wooldridge, as its lobbyist. Scandal appears to have followed Wooldridge's career, in and out of politics, with allegations of close links to multinational drugs companies during his time in office, and the collapse of a managed investment scheme of which he was a director, which owned retirement villages in three states, resulting in his banning as a company director for over two years. Aspen Medical teams dealt with the Ruby Princess cruise ship and Newmarch House in Sydney, and took over at St Basil's Home for the Aged in Fawkner, one of the worst affected sites in Melbourne, when its workforce was furloughed.

Eager explained that the rot set in with the *Aged Care Act* of 1997, passed under the Howard government, and subsequent reviews, which shifted aged care out of the health system and towards a social rather than clinical model of care. Nursing staff were no longer mandated on site and funding was geared for "low care" residents. Minimally trained, low-paid staff, often casual, contributed to the "perfect storm" which COVID-19 intersected. "The sector requires a funding increase of about 35 per cent to bring it up to international benchmarks", stated Eager.

Aged care is primarily subsidised and regulated by the federal government. While Eager cites COVID-19 cases in 100 of 626 Victorian privately-run centres and no major outbreak in the 178 Victorian-run public nursing homes, which she says boast extra funding and better



Ambulances remove residents from St Basil's Home for the Aged, in Fawkner, Melbourne on 27 July. Photo: AFP/William West

nursing hours, there is a proviso. Speaking to the Senate Select Committee on COVID-19 on 4 August, Chief Medical Officer Prof. Brendan Murphy contended that this is because the government facilities are mostly outside of Melbourne—i.e., outside of the major region of COVID spread.

## Senate Committee

The Senate Select Committee was formed on 8 April to examine the Australian Government's response to the COVID-19 pandemic and is chaired by Labor Senator Katy Gallagher. The 4 August hearing heard from witnesses including the Minister for Aged Care, Richard Colbeck, the Aged Care Quality and Safety Commission, and Department of Health officials, about the preparedness of aged care to deal with the virus.

Apart from the major failing of the provider at St Basil's—which was required to report the outbreak to the state and federal government within thirty minutes but took five days before it informed the federal government—one of the biggest shortfalls was the inability to find replacement staff to cover those infected. Prof. Murphy affirmed that replacing an entire workforce was not part of any pandemic or outbreak planning. All staff would not normally be considered close contacts of one infected staff member, but the first infected worker at St Basil's had worked a number of shifts. The entirety of St Basil's had to be replaced; even Aspen could not fill all the positions, particularly given St Basil's required a mostly Greek-speaking workforce.

Labor Senator Murray Watt raised a similar situation a year ago, where Earle Haven aged care centre on the Gold Coast lost its entire work force due to a contractual dispute. One of the recommendations of the review conducted afterwards "was that the Department of Health should develop a response plan for emerging situations where there is a risk of an imminent closure in the provision of aged-care services". Watt did not receive an answer to his question, "Has that recommendation been implemented?" There have been 12 reviews of the aged-care system since 2017, with some 150 recommendations, said Sen. Watt, demanding to know how many had been implemented. Then there's the ongoing Royal Commission, he added.

ABC's Fran Kelly on Radio National Breakfast radio on 10 August interviewed David Swain, the owner of Bolton Clarke which runs not-for-profit nursing homes in Australia and New Zealand, in regard to virus preparations made by his aged care facilities. In February-March, Bolton Clarke took the initiative of developing detailed infection control procedures, preventative measures and prepared a surge

workforce capability at 130 per cent of normal levels. As Swain outlined, this followed a study of the experience of other countries and best practices around the world in reaction to the virus. He even reported that “we had information from Departments of Health in China translated for us, to identify what they did in response to the outbreak”, as well as studying the USA and Spain. It shared its findings with the regulator.

Back at the committee hearing, Janet Anderson from the Aged Care Quality and Safety Commission admitted that the current system is so tenuous the slightest disruption could cause chaos: “if there are subtle weaknesses in organisational governance or the clarity about responsibilities in systems and processes, or if there’s any degree of distance between the corporate centre and the on-site management, or if the onsite management are acting in that position or may not have fully understood the scope and scale of their roles, then those fault lines crack more broadly and that weakness becomes a problem.”

### Royal Commission

The hearing showed that regulation of the sector is sorely lacking. Facilities routinely self-assess their standards and infection control courses are not mandatory. The Royal Commission into Aged Care Quality and Safety was convened by the Morrison government in 2018. Its interim report, released in October 2019, is simply titled

## The neoliberal take-down of Australia’s health care

*The following article is excerpted from a health feature in “The Infrastructure Road to Recovery—Let’s Build Our Way Out of the Depression!” New Citizen, February 2002.*

In 1975, the same year Prime Minister Gough Whitlam was dumped, apostles of the London-headquartered Mont Pelerin Society (MPS), such as the notorious right-wing ideologue Milton Friedman, began arriving in Australia. The MPS had been set up at a meeting in 1947 on the slopes of Mont Pelerin Switzerland, attended by members and retainers of the old European oligarchical families. Its purpose was to initiate a conservative revolution, to “roll back the clock” to the era before nation states, when the oligarchy reigned supreme. The MPS shortly thereafter moved to the City of London, to become the chief economic warfare unit of the British Crown, in the same way that the British Empire had always used “free trade” to decimate its enemies.

In both Australia and in New Zealand, the MPS set up or took over a series of right-wing think tanks, such as the Centre for Independent Studies (CIS), the Institute of Public Affairs (IPA), the H.R. Nicholls Society and the Tasman Institute, all of which enjoyed lavish corporate funding. Mont Pelerin’s intent was to loot (“privatise”) and ultimately to destroy the nation-state and everything to which it had given rise, such as universal public education, universal health care, trade unions, publicly-owned infrastructure, etc. After the sacking of Whitlam the MPS fronts took over both major parties, the Liberals and Labor. Thus, when Labor came to power under Hawke-Keating in 1983, it espoused values directly opposite to those upon which it had been founded.

Hawke and Keating began the process of ripping up Australia’s health care system and it was continued under John Howard.

In a speech at the University of New South Wales on 19 March 1999, former Labor Prime Minister Paul Keating

“Neglect” and reports on widespread, substandard care.

The Commission is holding hearings from 10-13 August on the response to COVID-19 in aged care, although it will not inquire into the Victorian debacle while the relevant officials are still in the midst of dealing with it.

The first day’s hearings saw Senior Counsel Assisting, Peter Rozen QC, present the case that “neither the Commonwealth Department of Health nor the aged care regulator developed a COVID-19 plan specifically for the aged care sector”. Nor did the Aged Care Quality and Safety Commission or the Australian Health Protection Policy Committee, Australia’s main COVID advisory body, intervene with a comprehensive coronavirus response plan. The outbreaks resulting in deaths at two NSW care centres, Dorothy Henderson Lodge and Newmarch House, have not been investigated.

Aged Care Minister Colbeck denied, however, that the government did not have a plan for aged care. Acting Chief Medical Officer Paul Kelly, in an 11 August press conference, pointed to an emergency response plan launched in early February which referenced the requirement for aged care response plans. While we wait for the truth to emerge, one thing is undeniable: After decades of being stripped of any medical or professional capabilities, the aged care system is ill-equipped to deal with any health issues, let alone a novel virus on an epidemic scale.

bragged that “Some of us in the Labor Government, including Bob Hawke and me, came to office with a greater belief in markets than our conservative counterparts.” Keating acknowledged that the extensive “reforms” which he and his predecessor Bob Hawke had initiated, “went against the grain of ingrained beliefs and philosophy” of old Labor. “Moreover”, Keating boasted, “we did this in spades, in areas like abandoning control over the exchange rate for the long term good; giving banks the power to create credit at the expense of building societies and credit unions; letting foreign banks take market share from our own banking system; cutting the top personal rate of tax; putting an assets test on the age pension; setting up competition to Telstra; selling the Commonwealth Bank and Qantas; reforming the waterfront.” By the time Keating left office, he was openly promoting the disastrous American model of Managed Health Care as desirable for Australia.

PM John Howard’s cabinet, which took the reins in 1996, was a nest of members and co-thinkers of Mont Pelerin fronts, including H.R. Nicholls Society members, Treasurer Peter Costello, Minister of Defence Ian McLachlan, and Industrial Relations Minister, Peter Reith, and IPA members, Deputy Treasurer Rod Kemp and Education and Employment Minister Dr David Kemp.

Sure enough, this crowd went after health care. In Costello’s first budget he slashed health care by \$3.4 billion. He got the ball rolling on expanded private health insurance by arranging a “rebate” for his friends in the industry of \$1.7 billion, and then slashed almost another \$1 billion in his second budget. At the 1996 Premiers’ Conference, he forced the states to take a \$1.5 billion overall funding cut, which cut an estimated half a billion dollars in state health care funding. In their obsessive drive to offload the responsibility of health care, and to leave it to the “magic” market place, the Howard government went all out to force people into lifetime private health

insurance cover, culminating in the 1999 introduction of a 30 per cent rebate of premiums for all members.

### The case of Victoria

The clearest case of Mont Pelerin’s savage attack on the population was seen in Victoria, beginning with the 1992 election of Liberal Premier Jeff Kennett. Kennett was the protégé of Mont Pelerin heavyweight John Gough AO, OBE, a longtime chairman of the ANZ Bank, and a power in the Institute of Public Affairs. Kennett’s entire program, in particular his brutal dismantling of the health sector, was outlined for him in a series of “studies” by MPS fronts, notably the 1991 *Project Victoria: An Agenda for Change*, co-written by the Tasman Institute and the IPA, and the 1992 *Towards a Healthier State: The restructuring of Victoria’s Public Health Services*. IPA ideologue and former Treasury official Des Moore co-authored both reports, and publicly demanded a “major downsizing in the Victorian health Department”, together with “a move to a competitive market situation”.

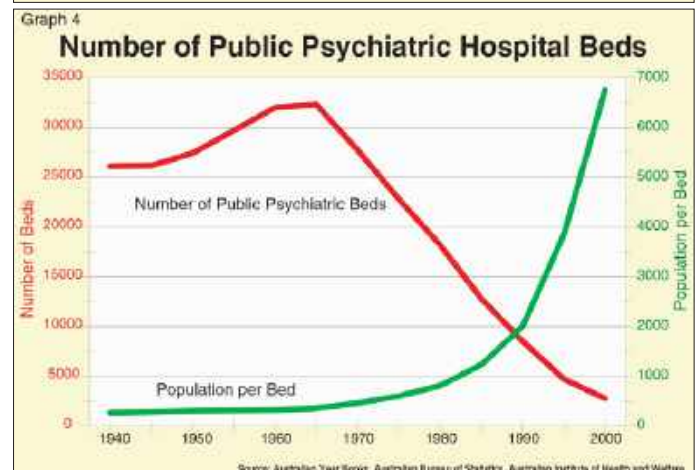
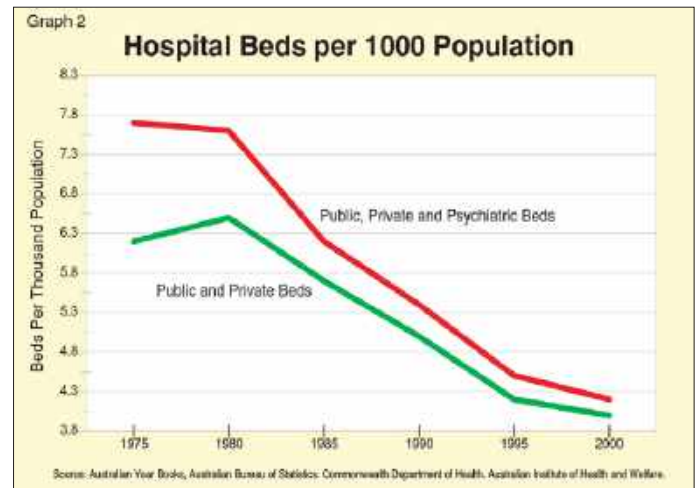
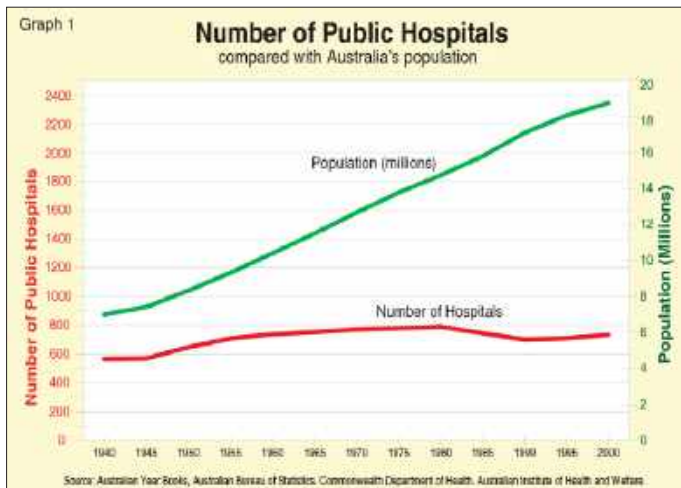
Kennett dutifully complied. Immediately upon his election, he started dismantling the state’s health care system, as per the Tasman/IPA reports, which called for: the privatisation of 3,130 of the 5,360 state nursing home beds; “making better use” of private hospitals by closing 1,300 public hospital beds; slashing salaries and staffing rates for the remaining public hospitals; reducing administrative staffing levels to those of 1987-88; busting unions and replacing them with “enterprise bargaining”; cutting non-medical staff drastically; corporatising hospitals; and “contracting out” services.

Kennett closed and downgraded dozens of public hospitals; corporatised and privatised health facilities; cut capital funding by 49 per cent in 1996 alone and slashed

more than 40,000 nursing and other health sector jobs; increased surgical waiting lists by at least 22 per cent from pre-1992 levels; degraded ambulance services; and demoralised doctors and other health professionals who repeatedly warned that people were dying as a direct consequence of the “reforms”.

One notable public outcry came from Dr Graeme Brazenor, the Victorian chairman of the Australian Association of Surgeons, who summed up the situation by saying that if the state public hospital system “was a dog, you’d shoot it”. He spoke out after six patients in a main surgical unit at the Austin and Repatriation Medical Centre were infected with golden staph while undergoing surgery in March 1997, because cleaning staff had been cut back so drastically. Dr Brazenor ultimately quit because there was no “major restoration of standards”. However, it was not just a matter of increasing infections. As the CEC documented through several case studies reported in its 1998 pamphlet, *Australia’s health care “reforms”: A Nuremberg crime against humanity*, Kennett’s dismantling of Victoria’s hospital system was systematically killing people.

But the reforms continued, including the introduction of “casemix funding”, which is another way of slashing hospital costs and eliminating medical services, just like America’s HMOs [Health Management Organisations]. In this process, the government sets strict guidelines for hospitals where each medical condition is allocated a hospitalisation period, a specified number of treatment and nursing hours and an allowable cost. If the patient does not recover by the time his hours are up, one of two things happens: he is simply kicked out, or the hospital is fined heavily, and forced to pay for the cost of the patient’s extended hospitalisation out of its own slashed funding.



Australia’s public health capacity has plummeted under neoliberal economic policies. Graphs: *New Citizen*

# Health care and the Common Good

The following article is excerpted from a health feature in "The Infrastructure Road to Recovery—Let's Build Our Way Out of the Depression!" New Citizen, February 2002.

The old Australian Labor Party's understanding of the primary function of the nation state was expressed by the founder of the Australian Workers' Union William Guthrie Spence: "The Welfare of the people must be raised to the first place—must be the uppermost and foremost consideration. How best to secure the good of all without injury to any should be the aim—not commercial supremacy, not cheap production regardless of the human misery following, but rather the broadest justice, the widest extension of human happiness, and the attainment of the highest intellectual and moral standard of civilised nations should be our aim."

One of the first acts of a Federal Labor government around 1910 was the introduction of the invalid pension scheme, coupled with the old age pension program. At the same time, the Minister of Health of NSW's Labor government, Fred Flowers, told the *Sydney Morning Herald* of 11 March 1911, "Any ideas that the hospitals are to be regarded as charitable institutions is altogether erroneous. Hospitals are a necessity of civilisation and the government should see to their upkeep and control. Hospitals should be as free as the Art Gallery and Public Library ... and there should be no taint of pauperism."

With the election of John Curtin as Prime Minister in 1941, the first steps towards a universal health care system were taken. He called and won a referendum in order to obtain the necessary powers over social welfare matters which later gave the Whitlam Labor Government in 1974 the power to finally introduce a truly national universal health scheme, Medibank. In 1945, after Ben Chifley became Prime Minister, the federal government passed the *Commonwealth Hospital Benefits Act* and began funding the states for each patient occupying a bed in a public or private hospital. In 1948, Chifley introduced a comprehensive *National Health Act*, which he described as "a charter of national health for the future".

In Queensland in 1944, the Labour state government took complete control over the hospitals, both public health and mental health, and became the first and only state to provide completely free, government funded universal health care.

In the twenty-three years of Liberal/Country Party federal government which followed Chifley, progress continued, despite a general shift away from government funding. The *Aged Persons' Homes Act* was passed in 1954 to expand aged care. Within less than a decade there were 2.3 nursing home beds per 1,000 of population, and by 1971 there were 3.7 per 1,000, giving Australia the greatest number of nursing home beds per head of population in the world. In the 1980s public hospital beds reached 6.5 per 1,000, one of the



Curtin and Chifley (left) planned universal health care as part of their post-war vision (right). Photos: John Curtin Research Centre



highest ratios in the world. (Graphs, p. 6)

The last effort by government to uphold the old Labor ideal of health care as an inalienable part of the "common good", however, came and went with Gough Whitlam (1972-1975). One of Whitlam's most controversial policies, second only to his determination to "buy back the farm", was his plan to introduce Medibank, the first truly universal health care system. This legislation was cited as one of the grounds for the double dissolution of Parliament on 10 April 1974.

Medibank was anathema to the free-traders. It eliminated the means test for hospital treatment and provided standard ward accommodation for free; provided free outpatient treatment; provided salaries for all doctors providing care to public patients (ending the earlier honorary system, where doctors received fees from private patients, and donated their services to the public system); and covered 85 per cent of all medical bills by the government, with the 15 per cent balance insurable. Fees were collected either by bulk billing (the preferred option), or the patient paid the doctor and then collected 85 per cent of the fee from the Medibank offices.

The Medibank legislation was eventually passed in August 1974 after Labor's re-election, but barely had time to become operational before Whitlam was dumped by the Crown, through Governor-General Sir John Kerr, on 11 November 1975.

Hawke and Keating replaced Medibank with the health insurance scheme, Medicare, on 1 February 1984. Unlike Medibank, which was funded entirely from general revenue, Medicare was financed by a general tax/levy. This change, in the context of Hawke/Keating policies which destroyed the economy, began the slide downhill toward private "user pays" health-care (p. 5).