

# Submission to:

## Response to Residential Aged Care Accommodation Pricing Review Consultation Paper

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### About

**ACC (Aged Care Crisis)** is an independent group of Australian citizens. It came together in 2005 when its founder Lynda Saltarelli realised what was happening in aged care and spoke to others who also realised this. Members of our group have been engaged with the aged-care sector in a variety of ways – as advocates, health professionals, legal experts, users of services and as volunteers. We have made submissions exposing the systemic failures and suggesting solutions to a majority of reviews and inquiries since. They challenged prevailing belief and we think were ignored because believers would not have seen that as credible. We have watched and documented the steady decline in services over the years.

As we will explain, this is how ideologies behave when they become dominant and powerful. There is nothing unusual about it and it has happened many times before. History suggests that we will not get change until believers lose power in traumatic confrontations or, much less often, when those discriminated against recognise that those responsible actually believe in what they are doing and unite to confront the dominant group. Instead of angrily rising up and destroying them, they use their power to constructively engage and persuade those responsible to accept the evidence, acknowledge their failings, and then cooperate in reform.

The deeply conflicted Royal Commission started well, but then failed to challenge ideology adequately when that was required. Both major parties have enthusiastically embraced the recommendations that did not challenge ideology and ignored those that did.

This Review intends to “*provide advice on policy, program, funding, and administrative settings*”. To do that it needs a deeper insight into what has gone wrong and to listen to those who are concerned about the direction it is taking. In this submission we focus on these issues.

**We would like our submission to be published as the issues are relevant to every member of the public. They will all be old one day including those who work in the sector. The issues need to be publicly examined and discussed.**

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# 1 Summary

We start by arguing that aged care is a part of society and that society is in crisis with many systems failing. Those with power are exploiting the vulnerable whenever they can. The problems really lie in society and yet we deal with each problem area including aged care as if it is an isolated problem. The real problem in society remains.

Seven years after the Royal Commission was called and the expenditure of large sums, it is becoming clear that little has been achieved and the system is, if anything, continuing to get worse. We attribute this to the failure to address the problems in society and to the ever increasing complexity of the regulatory system. The burden this regulation creates for all those involved compounds the problems in the system so making it even worse. It is called the '*regulatory trap*'. The aged care taskforce has been a part of that process.

We describe what has been happening in societies and our efforts to warn about this. We consider it to be a disease of society. We write about the breakup of society (called truth decay or anomy), how warnings were ignored and how bad this has become in our society and globally. It has had huge consequences. The last time it became a global phenomenon was during the early 20th century when we saw the rise of fascism and a world war. Many now recognize this and are writing and explaining how and why we allowed this to happen again and ignored warnings. We look at the social science that explains this. Care is a part of this and cannot be separated

We deal specifically with the role played by economists, particularly those advising on market issues to government and businessmen, in creating this situation. The Big 4 have played a big part. Our universities have not escaped.

We suspect that the deeply held beliefs of both politicians and their marketplace advisers were threatened by the Royal Commission's Interim report and by the criticisms and reform recommended by one of the commissioners in the final report. These challenged their ideology. Government turned to their allies, the Big 4 and related companies, to help bury these recommendations and instead develop aspirational laws and a regulatory system to control behaviour. The *Aged Care Act* was aspirational and persuasive but it did not change the structure of the system or address the problems. It simply made it more complex.

We write about the nature of markets and the reasons why they fail by referring to insightful comments made by Adam Smith in the 18<sup>th</sup> century. We explain the regulatory trap and how we fell victim over the years. We look at some of the ways that funding systems have been exploited by the market. We are critical of managerialism and its use of incentives describing their consequences in education and health care.

We are deeply concerned by the extent to which both the state and regulation have been captured and the role that the powerful played in creating these problems over the years, blocking reform, and then in limiting the scope of the new *Aged Care Act*.

We return to the taskforce and explain how the government that set up the taskforce had been captured by big business. We worry that in addressing funding they appointed primarily industry representatives to the taskforce. We look at the issue of equity and how efforts to create it in health care through Medicare were initially resisted but its popularity ensured that it stayed.

The taskforce rejected the Medicare option advised by the Royal Commission because it did not address generational inequity. It gave the industry the sort of system they wanted but did not adequately address the inequity in aged care and many have suffered as a result.

We stress that at Aged Care Crisis we are not opposed to markets that work or pressing for socialism but we are very critical of neoliberal ideology and the harm it has caused. We need changes that address this. When good people make mistakes like this, they are very difficult to address. The reason why real solutions are needed urgently is explained. We describe some of the local and global efforts that have been made to address these problems.

We do not think that the questions asked in the consultation show insight into what has happened but comment briefly. We note that the Terms of Reference include “*policy, program, funding, and administrative settings*”. We make recommendations that urge the reviewers to advise policies that would actually address the deep problems in our society that are responsible for so many failures including aged care.

Our “Appendix” looks at the analyses that have been done of the successes and failures of markets over the last two hundred years. They describe the problems. There is much to learn

## 2 Explaining and Understanding: What has happened?

### 2.1 Aged Care is only part of a wider story of systemic failure and denial

What is glaringly obvious is that the failures in aged care are part of a much wider local and global systemic problem, yet this has been consistently ignored by every inquiry including the recent Royal Commission. This is not just a problem in aged care. It is a systemic problem in our broken societies - a social disease. Unless that is addressed, the problems will persist and increase. The Royal Commission did not address this and as a consequence their aspirational recommendations and the new Act have had little impact. As has just been revealed in the senate inquiry into home care, the situation has continued to deteriorate with little prospect for change.

There has been little sign of improvement in residential care but it has not yet been fully investigated. Those who know what is happening are the staff. Until about 2012, Aged Care Crisis ran an internet discussion forum at which nursing home staff discussed the many problems they were experiencing so we knew what was happening then.

The Australian Nursing and Midwifery Federation (ANMF) has just launched a comprehensive national review of Australia's aged care system – to assess the effectiveness of the implementation of the Aged Care Royal Commission's recommendations announced in 2021. Their initial findings<sup>1</sup> report that *“... despite the damning findings of the Royal Commission and its 148 recommendations over four years ago, ANMF members continue to tell us that their ability to deliver safe, quality care to residents and clients is being compromised by understaffing and unsafe workloads. Too many of them say nothing seems to have changed.”*

The ANMF go on to say that: *“These reports are supported by Government data which clearly shows that many providers across the country are failing to meet their legislated obligations. This is very troubling. But what's even worse, more troubling and disturbing, is that some providers are manipulating the system to avoid genuinely meeting staffing requirements by changing rosters for frontline nurses and direct care workers, including cuts to rostered staffing hours, shift lengths and shift times, particularly night and weekend shifts, and changing workers' job titles and classifications to include them in mandated care minutes reports. It's why the delivery of care continues to be compromised in residential aged care facilities.*

It is clear that residential care has also continued to deteriorate. It is seven years since the growing evidence of neglect and abuse forced the Morrison government to call a Royal Commission. Vast amounts of money have been wasted on the Commission and then on consultants and multiple other drawn out processes for a further four years. At the end of all that, the system still seems to be going downhill.

The decisions made by the 2023 taskforce were a part of this process and we argue singularly unhelpful, simply contributing to the problems. There is little to suggest in the consultation document that this review of residential pricing by the taskforce will make any real difference and address the flaws.

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<sup>1</sup> ANMF to conduct 'pulse check' of Australia's aged care system ANMF Media Release. 16 Oct 2025  
<https://anmf.org.au/media/media-releases/anmf-to-conduct-pulse-check-of-australias-aged-care-system/>  
Nurses union puts aged care under the microscope Aged Care Insight 16 Oct 2025  
<https://www.agedcareinsite.com.au/2025/10/anmf-launches-national-aged-care-pulse-check/>

Our submission is intended to be a direct challenge and an attempt to get the reviewers to confront what is actually happening, to break ranks and press for changes that will initiate real reform not only in aged care but flow on into society.

**Critics:** In the past it has been social scientists who have criticized. More recently some economists internationally and in Australia<sup>2</sup> have realized what has been happening to society. Experienced economists have become even more critical of what mainstream economists have been doing and have strongly criticized the large body of economists supporting ideology and advising governments.

We are trying to persuade the two reviewers to look at where economists went wrong in the past, acknowledge the real problems and initiate changes that will lead to real reform. Aged care affects almost every citizen so is well placed to challenge what is happening and to lead the way in rebuilding our society and our democracy. The Royal Commission was an opportunity that was squandered.

We therefore start this submission by addressing what has been happening in our society and across the world in order to show how the deep flaws in our aged care system are really flaws in our society. We will then suggest ways in which they can be addressed in aged care and how aged care can contribute to addressing the root causes in society itself.

### 2.1.1 A “cascade of criminality”

In his detailed 2022 historical analysis of the consequences when individuals or groups within society become dominant and take control of society, criminologist Professor John Braithwaite wrote<sup>3</sup> about “*cascades of criminality*”. This developed when one dominant group and its ideas retained power or was repeatedly succeeded by another. They exploited the powerless. He contrasted this with “*cascades of virtue*” when citizens come together and civil society finally reformed. A balance of insights and power created the checks and balances needed to navigate a complex world. Braithwaite included market dominance commenting that “*Criminalised states and criminalised markets evolve when there is no networked governance of their dominations*”. He also analysed a third state of chaotic breakdown of society first described and called “anomie” by sociologist Emile Durheim in 1901. It often ended in bloodshed and war.

Aged Care Crisis (ACC) is appalled by what has been and is still happening, not only in aged care but also in multiple other sectors, our society, its members and our democracy. These problems have not been limited to Australia and are glaringly apparent in the USA. They are occurring in many other countries. It fits the ‘Anomie’ phase described by Durkheim and Braithwaite. We already have a number of wars.

We are currently facing multiple global crises as well as an existential threat to our civilisation. There is nothing new about this state of society as it has happened locally in individual countries quite often and less often globally as it is now. It has been quite extensively studied over many years and those who have done this have a better understanding of what has happened. They have tried to warn us. They are being ignored and that is typical of ideology.

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<sup>2</sup> See for example multiple articles in ‘ECONOMICS *How should it change?*’ Quarterly Publication of the International Monetary Fund March 2024 <https://www.imf.org/-/media/Files/Publications/Fandd/Article/2024/03/FD0324.ashx>  
In Australia see “Wrong Way: How Privatisation and Economic Reform Backfired” edited by Cahill and Toner Sept 2018 (Aus) <https://www.amazon.com.au/Wrong-Way-Privatisation-Economic-Backfired/dp/1760640387/>

<sup>3</sup> MACROCRIMINOLOGY AND FREEDOM By John Braithwaite ANU Press 2022  
<https://press.anu.edu.au/publications/series/peacebuilding-compared/macrocriminology-and-freedom>

**The recent cascade of criminality:** In Australia we saw the Christopher Scase scandal in the late 1980s and then Alan Bond's rise and fall during the 1980s and 1990s.

It was followed soon after by the fraud and deception exposed when the largest corporate collapse in Australia's history by insurer HIH occurred in 2001. The extent of the deception exposed led to multiple prison sentences and a Royal Commission report in 2005.

The arrogance of these people and the dominance of these apparently hugely successful businessmen closely mirrors the behaviour of some equally successful businessmen involved in scandalous conduct in the USA at this time. It is the sort of behaviour you might expect when you examine the nature of the ideology that became dominant in the early 1980s through the lens of existing knowledge of human behaviour. No attempt has been made to address that and the situation has got worse and worse. Some economists now recognize this. A leading US economist and 2015 Nobel Prize winner, Angus Deaton, has described the changes in economic thinking as creating a license to plunder<sup>2</sup>.

The 2005 Royal Commission's report recommended corporate governance, a self-regulatory process already being advocated in the USA. It did not challenge ideology and failed to address root causes. It became the go to solution for preventing and addressing failures. The growing number of serious system failures by markets since then attest to its ineffectiveness.

The failure of multiple inquiries and reviews to successfully address the problems that have developed can be understood as due to their inability to challenge ideology and so identify the reasons for failure. This prevents them from making recommendations that change the system by addressing the causes. Reviewers are appointed by the powerful. They appoint those they see as credible because they share their views.

Instead of addressing problems, reviews and inquiries have tried to contain failures by regulatory processes that do not challenge the ideology responsible. This usually leads to much greater complexity. It often makes life more and more onerous for all parties concerned. Too often the sort of people needed in the sector go elsewhere. Instead of improving, the problems increase. Those who described the way this happened in aged care (*Ref: 16*) called it the 'regulatory trap'.

The problems in our society have simply become much more common and far more bizarre over the years. Aged care has been a part of that.

## **2.2 How this happened and why it is relevant for aged care reform**

**Early warnings:** One of us (MW) has had a long experience of and interest in dysfunctional systems and their impact on vulnerable citizens and vulnerable sectors like health care. He had studied the social science that explained what was happening before emigrating to Australia in the late 1970s.

He became alarmed by what happened to health care in the USA starting in the 1980s. In the 1990s he closely examined what was happening writing about it<sup>4</sup> and supplying information.

He also supplied data showing what was happening in aged care to the federal government warning that the new policies introduced in 1997 would have the same effect here. He started writing about aged care in both countries.

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<sup>4</sup> See Corporate web site (several hundred web pages) <http://www.corpmedinfo.com>

**Confirming it:** In 2015/16 MW developed another web site analysing what was happening in Australia at the time and its impact on aged care, which already had several problems.

He considered what was happening to be a lethal form of cultural pathology. It was one that harmed citizens and destroyed society. In 2015 he named<sup>5</sup> this 'culturopathy'. He illustrated the problem by describing in some depth the conduct of a US health care company he had studied closely in the 1990s and a related aged care company. Both had exploited those they claimed to serve and were graphic illustrations of the problem. He described what happened and how it happened in some detail including how those believers involved behaved and justified their harmful conduct. Most other companies in these sectors were behaving similarly and had to do so in order to compete and survive. Both companies had entered Australia but departed when their conduct became an issue.

To show how extensive the problems were in Australia and that they were not limited to aged care, he described multiple marketplace examples<sup>6</sup>. Like the examples above offenders denied their culpability and tended to reoffend even after being sanctioned.

For example, there were those that formed cartels to defraud others including Mayne Nickless (trucking), Boral and Pioneer (cement), and Richard Pratt's Visy and Amcor (packaging). A subsidiary of Citigroup, which advised US Health companies in the USA, bought Mayne Health in 2002. Citigroup had been involved in multiple scandals exploiting US investors<sup>7</sup>.

Then there was the conduct of trusted institutions like the international banks as well as most of those in Australia (including the Reserve Bank itself). Financial advisors and insurers joined the feast. People who came for advice and help were exploited.

Citizens, who were more vulnerable than others (eg visa holders), were being widely exploited. International students were exploited by franchising businesses. (eg 7-Eleven). Working Visa holders soon became victims across the country as did 457 Visa holders many of whom were nurses working in health and aged care. Poor Australians were exploited by short term loan providers. Gambling companies targeted the vulnerable. Trucking companies exploited truck drivers. Medibank was accused of behaving corruptly and was prosecuted by the ACCC.

Government had traditionally provided services to vulnerable citizens needing support and help but the new ideology demanded that they be privatised. MW described<sup>8</sup> the scandals that engulfed Job Services Australia, and then the Vocational Training (VET) system when these were privatised.

Many were exploited and training was compromised. The VET system was responsible for training staff to work in aged care. Large numbers of qualifications were substandard and had to be withdrawn. There were also examples of abuse in disability care.

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<sup>5</sup> See **Culturopathy: A for-profit example**  
<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/for-profit-example>

<sup>6</sup> See **Failed markets and culturopathy**  
<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/failed-markets-and-culturopathy>

<sup>7</sup> For much more see 'Citigroup' written in 2004 [http://www.corpmedinfo.com/access\\_citi.html](http://www.corpmedinfo.com/access_citi.html)

<sup>8</sup> **Contracting government services to the market**  
<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives/contracting-government-services-to-the-market>

In writing about this in 2016, the *Sydney Morning Herald*<sup>9</sup> wrote “*all the stuff-ups of recent years should have woken us up to: when you give businesses access to the government's coffers, a surprisingly high proportion of them lose all sense and start acting like robbers in Aladdin's cave*”.

In regard to aged care in 2015/16, MW concluded that “*culturopathy is so pervasive in our society and there are such strong perverse incentives in the aged care system*” that it was most unlikely that “*aged care has escaped given the number of red flag scandals*” and “*if not already a culturopathy, it is well on the way*”. He examined what was happening in aged care more closely at the time<sup>10</sup>.

## Truth Decay (Anomie)

In the 10 years since then the situation has continued to deteriorate and by 2025 there had been numerous failures in multiple sectors including aged care. We made submissions to multiple inquiries explaining what was happening and urging change. Society has fractured. Politics has become increasingly toxic and corrupt. Mental illness and suicides are a problem. Crime is ongoing and this has become a particular problem in the young.

The Robodebt scandal is a red flag to the way government itself has viewed citizens negatively and been willing to look the other way as the system they set up ruthlessly exploits them. Evidence given to the current senate inquiry into home care describe what has been happening there and reveals how many have been harmed. It suggests that they have learned little from Robodebt.

One need only look at the news and the independent (non-Murdoch) press to be overwhelmed by what is happening not only in Australia but internationally where brutal wars are being waged by dangerous leaders.

As in Australia citizens have lost trust in institutions and are being influenced by social media. Bizarre groups like sovereign citizens and Incels have formed. Radical and extreme ideas are being embraced. There have been multiple stabbings and random shootings killing citizens and police. The term ‘truth decay’ rather than ‘Anomie’ has been used and there have been multiple warnings that this was developing. Many are now writing about our era as the ‘post truth era’. Instead of serving us digital technology has seen the hacking of private data and its use to defraud and scam citizens. Many of us receive multiple scam messages, emails and phone calls almost every day.

MW is old enough to remember the 1930s and to have read about what was happening then. The similarity with our present situation, particularly in the USA rings bells. It is interesting that many are now writing about this and what happened to bring us back to it<sup>11</sup>.

Many have warned that this was going to happen to our society. In 2021 we wrote about what was happening and quoted from some of the warnings that had been ignored<sup>12</sup>.

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<sup>9</sup> Think twice before throwing open the government coffers *Sydney Morning Herald* 16 July 2016 <https://www.smh.com.au/business/the-economy/think-twice-before-throwing-open-the-government-coffers-20160715-gg6dkw.html>

<sup>10</sup> See ‘Widely contrasting views’ <https://www.insideagedcare.com/aged-care-analysis/widely-contrasting-views>

<sup>11</sup> See for example ‘**The fledgling UN tried to rein in mass-scale misinformation. The world turned its back and is now paying the price.**’ *The Guardian* 10 Oct 2025 <https://bit.ly/3L27HWy>

<sup>12</sup> ‘Why society has withered: The consequences of policy failure’ *Aged Care Crisis* Apr 2021 <https://www.agedcarecrisis.com/resources/make-aged-care-accountable/consequences-of-policy-failure>

Attempts to rebuild society and restore some balance by reinvolving citizens in their affairs and in discussions have commenced in some countries and become global but they have not received the support they need. They challenge ideology and have not been well supported in Australia.

## 2.3 Issues of concern

**Marketplace advisors:** ACC found it very disturbing that increasingly advice to government was no longer being given by public servants with a social mission, but by economic advisors with a market focus. These groups, particular the Big 4 global companies, were playing a large role in investigating, reporting and advising government at the same time as they were generating income by advising providers on marketplace strategies. This was a clear conflict of interest. KPMG was used extensively in aged care even investigating and advising on clinical and other issues. In 2018 we did some research of their conduct globally focusing principally on KPMG. What we discovered had been reported as happening globally was we felt very disturbing.

We had already made a submission and a supplementary submission to the 2018 Senate Economics Reference Committee Inquiry into the *'Financial and tax practices of for-profit aged care providers'*. We now sent a second supplementary submission setting out the extent of KPMG's involvement in advising on policy at the same time as it and similar groups were advising and auditing these companies. We gave information about the extensive criticisms and concerns about this company globally. The Committee did not publish this or mention it in their report.

We made a submission critical of the marketplace groups advising industry to the 2023 House of Representatives Joint Committee on Corporations and Financial Services Inquiry *'Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry'*. One of those criticised (not Big 4) avoided addressing the issues we raised about their conduct by attacking our credibility.

We also sent them a copy of our 2018 second supplementary submission describing KPMG's role in aged care and their global track record. They did not publish it.

The PcW scandal has finally exposed just how much influence and power these groups particularly the Big 4 have had across our marketised society and how much harm they have done.

**Our universities** have not escaped. Neoliberalism's handmaid 'managerialism' was creating problems as early as the 1990s and the changes introduced by the Howard government compounded this as the focus of universities turned from developing citizens with a broad knowledge of society to turning out trained workers for the marketplace. The situation has continued to deteriorate since then.

There are credible claims that the BIG 4 have been in control of our universities too and that boards have been stacked by marketplace experts<sup>13</sup>.

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<sup>13</sup> The Big Four consultants have captured universities The Saturday Paper 17 June 2023  
<https://www.thesaturdaypaper.com.au/news/education/2023/06/17/the-big-four-consultants-have-captured-universities>  
Stacked boards driving 'rotten' university sector The Saturday Paper OCTOBER 11 – 17, 2025  
<https://www.thesaturdaypaper.com.au/comment/topic/2025/10/11/stacked-boards-driving-rotten-university-sector>

Like the rest of society, universities in Australia are in trouble<sup>14</sup>. There have been accusations of unacceptable conduct. Free and open debate has not been encouraged<sup>15</sup> although we are not as far down that path as the USA.

This will undoubtedly have had a big impact on the students and their ability to think critically and so the sort of graduates the university turn out.

These are the people who we expect to influence society, become leaders, identify problems and lead debate. There must be concern as to whether they now have the capacity to do so. Our most promising students have been targeted and even awarded scholarships to study Hayek and Rand's theories by groups like the Atlas network of think tanks and educational institutions. They have hundreds of affiliated groups around the world teaching this ideology.

## 2.4 Feeling threatened by Royal Commission reports

These marketplace advisor's activities and the advice they give is deeply embedded in and dependent on free market neoliberal ideas. Any threat to this is a threat to their business models and their viability. They are among the main stream economists whom those economists, who have now looked at what is happening and wrote about this in the March 2024 issue of the International Monetary Fund's journal are so very critical of. They blame these groups for much of what has been happening across the world.

Like both major political parties these groups would have been threatened by the Royal Commission into Aged Care's interim report of a system characterised by neglect and its promise to address the deep flaws they had found in the aged care system that both parties had created.

When Judge Tracey died, the remaining Commissioner and counsel (also appointed by government) made no further reference to deep flaws and started working with providers and the public service to make changes that would entrench the existing system. When Justice Pagone, who replaced Justice Tracey caught up with what was happening, he clashed sometimes openly with the other Commissioner. She had been a senior public service committed to the ideology and to governance processes, in which she had been heavily involved. Witnesses had given evidence about state capture and regulatory capture and this may well have influenced Pagone.

The two Commissioner's wrote separate chapters and made separate recommendations about the aged care system. Pagone recognised the problems in the system and how captured it was. He recommended that the system be managed by a network of regional offices across Australia and that the integrating central body be much more independent of government. He described the other commissioner's recommendations as simply 'renovation' of the failed system. He indicated that these did not address the problems in the system and would not work.

This would have been even more threatening to the political parties and their marketplace advisors. Both political parties quickly buried Pagone's recommendation and claimed that the renovation model is what the Royal Commission had recommended.

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<sup>14</sup> The destruction of university faculties The Saturday Paper 26 Aug 2023  
<https://www.thesaturdaypaper.com.au/news/education/2023/08/26/the-destruction-university-faculties>

<sup>15</sup> Academy of silences The Saturday Paper 27 Nov 2021  
<https://www.thesaturdaypaper.com.au/life/education/2021/11/27/academy-silences/163793160012955>

### **2.4.1 Protecting ideology**

The Morrison government immediately spent large sums and appointed multiple marketplace advisors including KPMG and PWC to help them 'renovate' this deeply flawed market. Neither Labor nor the press challenged the deceptive information that was given to the public. Labor did nothing to change this when it gained power.

An extensive program of community consultations was set up. Some were organized by COTA and OPAN who were both very much part of the existing system and funded by government. COTA had played a central role in designing the system we have in 2012. Other consultations, supposedly by the department were run by KPMG. A few department members sat at a table but did not contribute.

Round table discussions with advocacy and other involved groups were organized and run by COTA and OPAN. ACC and other more critical groups got support from some politicians and were able to participate.

Those who did not agree with what COTA and OPAN wanted, refused to sign their report and formed a separate group to debate the issues. The Aged Care Justice Group, one of whose patrons is Justice Pagone wrote a separate report, which we all signed off on. The group succeeded in getting a meeting with the department in Canberra but this too was organized and run by another financial advisory group. The minders were watching and in control. A meeting with the minister was a brief appearance on a TV screen at the meeting.

It is tempting to think that all this was a deliberate strategy to manipulate the public and give the impression of listening but it is more probable that the intent to engage was there but that the powerful industry and their supporters could not accept alternatives as credible and brushed them aside. People who believe deeply and have invested their lives in servicing a belief do behave like this. The powerful had already captured government and could virtually dictate policy. A 2024 article describes how they took control of the design of the *Aged Care Act* to get what they wanted (Ref: <sup>22</sup>).

## **2.5 Necessary conditions for a successful market**

Adam Smith the father of economic theory wrote about markets at length in the late 18<sup>th</sup> century. He realized that markets were driven by self-interest and the interests of a provider of services were not those of the customer. This posed a threat to the customer. In order to get a good service, customers needed to create a situation in which the providers interests were in serving the customer's needs. To do this they needed knowledge and the power to sanction.

Smith also described businessmen as 'an order of men', whose interests were not those of the community and who could never be trusted. He warned society that any proposals they made should be assessed with the most suspicious attention before they were adopted.

The market today is driven by shareholder's investment. This creates a huge conflict of interest for corporate providers of care. They have a responsibility to shareholders, who invest to make a profit and their survival depends on continuing support from them. If that support is lost, they will not survive – a matter of corporate life and death.

On the other hand, they also have a responsibility to society and its members to provide good care. If they fail to do that it becomes a matter of life and death for citizens. We know how humans behave and how readily they justify their actions. What has happened in sectors where citizens are vulnerable and civil society is not there to protect and act for them was predictable and was predicted.

Logic analysts use the term '*necessary conditions*' to explain this situation. The necessary conditions for a market to work for society are knowledgeable and effective customers and a well-structured civil society, which sets the standards of acceptable behaviour. This works for society provided both have the power to put companies who breach their responsibilities and values out of business - so punishing shareholders whose pressure was responsible as well.

Neither 19<sup>th</sup> century 'laissez faire' economics nor late 20<sup>th</sup> century free market neoliberalism recognized and met these necessary conditions. As we explain in our Appendix both failed citizens and for very similar reasons.

In the past in sectors where customers are vulnerable, society has stepped up to vet potential providers and bar those who are not trustworthy from providing services. When they fail to serve customers, they have been ostracized.

During the 20<sup>th</sup> century, health and aged care in Australia have been protected by requiring a probity assessment before granting licenses to a new operator. Those who could not be trusted were not licensed. When neoliberalism became dominant in the 1990s some states tried to bypass the probity regulations for large US health care mega corporations with appalling track records. Citizens acted and ultimately, they failed to do so and these companies left Australia. The frustrated Howard government abolished probity requirements for aged care in 1997.

## 2.6 The Regulatory Trap

The Regulatory Trap is a well-understood problem. Canadians who had experienced this as their aged care system was corporatised explained this in 2013 when warning Scandinavians of the growing dominance of big corporations globally and by then it was happening in Scandinavian countries as well<sup>16</sup>.

As they explained instead of challenging belief and addressing the problems created by them, governments and managers respond by trying to regulate to deter those responsible from harming people. In doing so they impose oversight and control mechanisms, which greatly increase the complexity of the system. This places a greater burden on all participants including staff.

Good motivated staff vacate the sector and good motivated providers do so too. Care deteriorates further resulting in more inquiries. A vicious cycle is created where each failure results in more regulatory efforts with further deterioration and greater costs unrelated to care as the market capitalises on the opportunities this creates - the Regulatory Trap. The ANMF October 2025 paper shows that it is happening (Ref: <sup>1</sup>).

We remind the committee of the 1982 McLeay report<sup>17</sup> that aged care was too complex to be managed centrally and that it be done face to face closer to the nursing homes. It is particularly at risk. This is still being ignored and the system is unable to respond to the nuances of care. People fall through the cracks. Aged care is particularly vulnerable.

The Royal Commission's own review of aged care in Australia looked at the multitude of reviews and inquiries and asked why after so much effort the system had continued to deteriorate so badly.

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<sup>16</sup> See Banerjee A 'The regulatory trap: Reflections on the vicious cycle of regulation in Canadian residential care Chapter 7 p 203 in: Marketisation in Nordic eldercare: a research report on legislation, oversight, extent and consequences. <http://www.diva-portal.org/smash/get/diva2:667185/FULLTEXT01.pdf>

<sup>17</sup> McLeay, L. (1982). In a Home or at Home: Accommodation and home care for the aged. Report from the House of Representatives Standing Committee on Expenditure. Commonwealth Department of Community Services,

It did not answer the question and the Royal Commission ignored it. The obvious explanation is the regulatory trap. As we will explain The Royal Commission then did it all over again.

In 2013 the Scandinavian countries had not yet centralised management and local municipalities were still responsible for managing local services. Large corporations had to deal directly with them and their communities if they wished to provide services. They did not centralise or impose unneeded regulation. The problems in aged care that have occurred around the rest of the world did not occur there. It is now widely accepted that countries like Norway have the best aged care in the world.

The Royal Commissions own review of international aged care services described this and recommended a move in this direction. It was buried but Commissioner Pagone clearly recognised the problem and the decentralised model for aged care that he advised was a good move in that direction. It was ignored by politicians.

We note that gerontologist Professor Hal Kendig spent the last 20 years of his life pressing for aged care to be managed locally and urged the 2012 Productivity Commission 'Caring for Older Australians' to do so (Ref: <sup>30</sup>). MW's submission also advises this. Instead they centralised and managed.

ACC has been pressing for greater local community involvement in the management and oversight of aged care for about 18 years. It needs to be controlled and managed by local authorities and organisations. The central regulators should be supporting this. The present system uses power to take the care out of care, and exclude those with the power to insist on care.

### **2.6.1 The new Aged Care Act**

As indicated governments simply ignored Pagone's recommendations as well as anything else that challenged belief and was not sanctioned by the all-powerful market and its advisors. Instead, they completely rewrote the aged care act focusing on the rights of the elderly and making aspirational regulations setting out what they wanted. They believed that putting those aspirations into law would make it happen.

We have no problems with that but it falls far short of what is needed to actually address the problems responsible for failure. Instead, they redesigned the centralized management and oversight system making it even more complex and more controlled. All appointments are made by government and there is no independent or local representation on controlling bodies.

Even before the act was passed motivated municipalities who had provided good care started vacating the sector and handing them to the market. Smaller not-for-profit providers also started vacating the sector.

Big business realized that smaller operators would find it difficult to operate in this complex marketplace and large global private equity groups started buying in Australia again (eg Estia Health) and looking for more acquisitions.

For-profit providers who had been wary of change started looking for acquisitions. Analysts thought that conditions were right for another period of consolidation. This is a replay of what happened during the Abbott government. It led to the multiple failures that resulted in the Royal Commission.

The eventual publication of the complex Rules for aged care to support the Act confirm this complexity. In our view the 2023 funding taskforce was simply a part of this centralization and the more complex regulatory process. It has done nothing to improve the situation. The many submissions and the findings of the October 2023 review of Aged Care Service Delivery by Senate Community Affairs References Committee address the huge problems created in that sector by the new funding system there (Ref: <sup>25</sup>).

It is four years since the Royal Commission's final report and all we have seen is a steady deterioration in home care. Residential care is more hidden, but the ANMF report confirms that this has happened there too.

We think that any improvement will be marginal and at best temporary. Yet the blinkered minister for aged care is once again talking<sup>18</sup> about '*world class care*' just as those in charge of the failing system have done over the years. The problem is that those who behave like this, come to believe it themselves. We need to understand the extent to which the new *Aged Care Act* was designed with and by the industry, its advisers and close associates (Ref: <sup>22</sup>). The process was 'captured'.

We need to understand why and how these things happen and we try to do that in our Appendix.

## 2.7 Payment Methods

### 2.7.1 Some background to failures in payment methods

MW recalls what happened in the 1980s and 1990s after the USA set fees for mainstream health care services using Diagnosis Related Groups (DRG). These averaged costs and restricted what could be charged for each disease or treatment. The big health care corporations instead expanded and built new hospitals in specialized areas that paid per item of service. These could easily be exploited. These included rehabilitation, psychiatry, substance abuse and more.

They marketed their services aggressively and paid bonuses for referrals bypassing the medical profession and rewarding doctors who were team players by putting them in charge of these patients. Huge profits were generated by admitting needlessly, keeping patients in hospital until their insurance expired and providing as much often unneeded but profitable therapies as they could squeeze in. Children were targeted because of much better insurance which paid for much longer periods in hospital so providing more opportunities. Many were harmed as insurers were systematically defrauded. It was not regulators who exposed what was happening but a whistleblower who saw what was happening and the press who put on pressure starting in 1991. States investigators uncovered what was happening. The FBI then became involved followed by central government and central regulators.

Large fines were paid as well as large damages to insurers and patients and the worst offenders were forced to sell in these sectors. This did not put a stop to the problems as ways were found to make money out of traditional general hospitals and many scandals followed there. They discovered how to defraud and make large profits from the DRG system itself.

Aged care providers in the USA, who were paid per item of service, also saw the opportunities for them. Hospitals could save money by discharging patients early to nursing homes for rehabilitation. Here large profits could be made by providing plenty of rehabilitation.

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<sup>18</sup> FAST-TRACKING MORE HOME CARE PACKAGES Media Release The Hon Sam Rae MP 7 Oct 2025  
<https://www.health.gov.au/ministers/the-hon-sam-rae-mp/media/fast-tracking-more-home-care-packages>

There was soon rapid expansion and new aged care corporate empires flourished. The less profitable elderly nursing home residents were neglected.

Sun Healthcare which entered Australia in 1997 led the way. When the US government realized what was happening and took action to stop this, several companies entered bankruptcy.

Even before the first scandals, some health care companies saw the international opportunities for profit and started international empires. As US regulators made it more difficult to exploit the system this increased. Corporate advisers started to specialize in advising on this. In looking for business, they promoted countries because of the opportunities when they paid per item of care. They also advised them to 'play on politicians' pain' and promise to solve their problems. Our politicians and businessmen were gullible but citizens less so. They acted and these companies did not stay. This did not prevent politicians and businessmen from moving in this direction by supporting local companies and then private equity here.

## 2.7.2 The use and consequences of incentives

The references to the use of incentives in the consultation document sets some alarm bells ringing as it shows how managerial this is. We need to understand the social consequences of this.

**Behaviourism:** In the mid-1900s researchers working with rats and other animals found that they could train them to do all sorts of things using incentives. They tried it on children and when these children's learning improved and they got better marks it was embraced enthusiastically and introduced widely into education in the early 1960s. Newly developed technology including computing had educational potential and it prospered there.

It was not long before some teachers realized that what it fostered was rote learning with little reflection and understanding. Students lost social consciousness and did not recognize when what they concluded or did was harmful. Critics joked that this turned students into rats. It was being abandoned by the 1970s but persisted in computer-based education for a long time.

A new form of **managerialism** accompanied neoliberalism and as in education incentives proved hugely successful in boosting profits in the marketplace. Big corporate health providers offered managers up to 50% of their salaries as incentives linked to profitability. These managers blindly followed practices that were unethical and not only harmed patients but overserved them. The role that incentives played in turning managers into rats was widely recognized but believers seemed blind to its consequence. That had little impact and it still seems to be the go to solution for politicians economists and big business. It works for them but not for society.

Human services have traditionally been a vocation and this has flourished when civil society is well developed and citizens enter into each other's lives and serve one another. This gave people a sense of worth and fulfilment. Those who serve others are highly regarded and become role models for the young. Incentives destroy that.

Neoliberalism and managerialism have undermined civil society and its values. Incentivisation and aggressive competition have disrupted the balance between our selfish ambitious selves and our restraining social responsible selves in the workplace and in society.

Accreditation is already been used as a marketing tool by providers and ironically, reports of mistreatment, neglect, abuse and failures have been made to fully accredited providers. We can only imagine the loss of trust if incentivization were introduced.

## 2.8 The Taskforce and inequity

**Background:** Many years of flawed centralized managerial policy focused on privatization and commercial competition as well as consolidation in the pursuit of efficiency rather than cooperation and humanity in serving the vulnerable have had devastating consequences. The promise of large profits attracted corporations and their shareholders and then private equity. More and more money was funneled into the profits needed to compete, consolidate and build corporate empires with less and less going to actual care. Even as the system crumbled those involved continued to believe and claim that we had a world class system dismissing glaring failures as rare exceptions.

In his 1985 Massey Lectures published as “The Unconscious Civilisation”, Canadian John Ralston Saul described in detail how this sort of situation rendered society unconscious of what was actually happening. Citizens adopted ideas and lived in an illusionary world. Aged Care is a classical example of how this happens. As the Consultation paper shows, we find ourselves in a situation where there has been a large amount of activity and human effort. Society and government have spent large sums. Yet the companies involved are making a loss and are not viable. The care that is needed is not being provided. In all this feverish activity there is no room for humanity and empathy. This is a system that claimed efficiency in this illusionary world but it does not look efficient!

Rob Oakeshot (MP) first described what was happening to our democracy<sup>19</sup> in 2014 calling it *"a sold out democracy bent to the will of big business"* with big business becoming *"intimately involved with, and crawling all over, our democracy"*. They had sent *"many necessary policy reforms to the doghouse"*.

Oakeshott was describing state capture but this sort of capture has been happening since the late 1990s. The years of suffering and neglect in aged care that the accreditation process failed to identify over the years is a graphic illustration of the consequences of regulatory capture.

Things have got steadily worse since 2014 and many are now writing about the extent of state capture by big business. We are once again seeing reports of mistreatment, neglect, abuse and failures by fully accredited providers. A 2023 analysis of star ratings<sup>20</sup> revealed their ineffectiveness in informing the public as well. Incentivisation will put even greater pressure on providers to maximise the business opportunities in every weakness they can find. This is the sort of deception and misinformation that increases the distrust that drives truth decay.

In 2022, a report by the Australian Democracy Network<sup>21</sup> found that *"a key element of state capture is the management of political parties both in government and opposition - - - - ensuring that even in a change of government, the whole infrastructure of state capture remains intact"*.

Labor had nowhere to turn but to the industry and their economic supporters and advisors. In our view, the 2023 Aged Care Taskforce was the response of a captured government turning to those who made aged care policy for it and on whom it depended – the providers including big business. The ministers invited them to the taskforce. These were the groups that might still have been ideologically negative about Medicare and in favour of user pays.

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<sup>19</sup> 'How big business hijacked parliament' Rob Oakeshott: The Saturday Paper 9-15 August 2014

<https://www.thesaturdaypaper.com.au/topic/politics/2014/08/09/rob-oakeshott-how-big-business-hijacked-parliament/1407506400834>

<sup>20</sup> The Failure of the Aged Care Star Rating System – A Discussion Paper Jan 2023.

<https://drive.google.com/file/d/1bBIBywPNVHzqKxB1NvztV2B5DYOamz/view>

<sup>21</sup> Confronting State Capture Feb 2022 <https://australiandemocracy.org.au/statecapture>

A damning 2024 article<sup>22</sup> describing the extent of capture talks about the “*fingerprints of industry*” in designing the new *Aged Care Act*. One of the few community members appointed to the funding taskforce spoke out describing how the “*the consumer voice was ‘quashed’, with the final report being released with changes that she didn’t approve*”.

**The story of inequity in Australia:** If we look further back, we see that the unpredictability of illness was realized in the 1970s. The increasing costs could bankrupt families. To create equity the Whitlam Labor government set up the Medicare system to which everyone contributed so spreading the cost and limiting the amount individuals paid. The liberals saw this as socialist and the Fraser government abolished it. It had been very popular and the Hawke government brought it back. The political costs of abolishing it were now too great. The Howard and subsequent liberal governments could not safely do so but they were not really supporters.

The growing proportion of aged citizens created by the baby boomer bulge and greater longevity due to advances in health care would require much more aged care. That a smaller and smaller number of younger workers would need to pay for their greater needs was recognized in the 1990s when Keating was in power. The superannuation system was established to encourage and enable the elderly to support themselves.

As in health, the cost of aged care for individuals is unpredictable and some could face huge costs. The need to include with superannuation, a hypothecated fund contribution that would mimic Medicare and reduce the risks was obvious, but Keating did not do it. Perhaps this was because neoliberalism was now dominant and Keating was a convert. Nursing home costs have consequently become a bigger and bigger problem.

The Royal Commission into aged care recommended a Medicare like levy<sup>23</sup>. We agree that this proposed levy did not adequately address the generational inequity that has developed. We had urged the Royal Commission to institute a hypothecated fund as part of superannuation as a long-term solution and to supplement that with a decreasing but limited estate tax so that each older generation equitably funded their own care until enough funds had accumulated to make the fund effective for the next generation of elderly citizens. They did not do so.

**The Taskforce:** When setting up the taskforce, the minister consulted and worked only with providers and economists which was disturbing and caused suspicion. The taskforce rejected the Royal Commission’s recommended Medicare-like system of funding which ensured equity for seniors.

They knew that this generation of elderly has much greater wealth than usual and that generational inequity needed to be addressed. That opened the door for the taskforce to recommend a pay for service system, which industry would have welcomed. While some checks on funding and adjustments for the less wealthy are included in the payment system they set up, they have clearly been insufficient.

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<sup>22</sup> New aged care laws bear the fingerprints of industry lobbyists. Will the voices of older Australians be heard?  
ABC News 17 Apr 2024  
<https://www.abc.net.au/news/2024-04-17/lobbyist-influence-on-new-aged-care-laws-evident-advocates-say/103672736>

<sup>23</sup> **Royal Commission calls for revenue increase to fund recommendations.** 1 Mar 2021, Australian Institute:  
<https://australiainstitute.org.au/post/aged-care-royal-commission-calls-for-revenue-increase-to-fund-recommendations/>  
**Government rules out new tax or levy to fund aged care,** 12 March 2024, ANMJ:  
<https://anmj.org.au/government-rules-out-new-tax-or-levy-to-fund-aged-care/>

As we explain in the Appendix over the last 40 to 50 years neoliberal free market policies, like earlier 19<sup>th</sup> century 'laissez faire' policies resulted in a huge maldistribution of wealth with the wealth of the nation being concentrated in a smaller and smaller section of the population. Most of those who became so wealthy are now over 65 years old but they represent only a percentage of that population. Many more have only moderate income and have already used most of their superannuation. Others are pensioners or part pensioners.

The taskforce seemed to conveniently ignore the fact that large numbers are not that wealthy. Instead of addressing generational inequity by setting up a hypothecated fund for future generations so that they saved for their own future care, and then imposing a limited estate tax on the elderly to fund a Medicare style levy so making it equitable, the taskforce elected to make the elderly pay for the services they received. The cap on total expenditure they set and linking the individual payments to income does not seem to have adequately address the inequity.

Most of those on the taskforce were probably in that top percentage and would have paid a much larger amount themselves from their estates towards that levy than most senior citizens. They would not have wanted to adopt that option.

What was recommended has greatly increased the complexity and contributed to the regulatory trap. There have been huge delays in assessing applicants for care and taken even longer for them to receive the packages that have been allocated. Who wants to work in the sort of system created? It must be soul destroying.

The problems this has caused are now obvious in the home care sector where many are struggling and being forced to cut back on food, health care and more. The new 'Support at home' program is not expected to be an improvement. Family members have had to stop work in order to care, so making their own financial wellbeing precarious. A 2025 Carer Wellbeing Survey<sup>24</sup> found that *"carers are much more likely to report being poor or very poor compared to the average Australian"* than a year ago.

All these problems are revealed in many submissions to the October 2025 senate inquiry and in its final report<sup>25</sup>. The Inspector General of aged care was critical in her submission. The press have reported on the problems<sup>26</sup>. Citizens have banded together to speak out. The children of some with media skills have developed documentaries exposing the problems the elderly face and they have been shown at international film festivals<sup>27</sup>. While government's failures are equally to blame, the taskforce funding has contributed.

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<sup>24</sup> Carer wellbeing declining, cost concerns rising Community Care Review 15 Oct 2025  
<https://communitycarereview.com.au/2025/10/15/carers-wellbeing-declining-cost-concerns-rising>

<sup>25</sup> inquiry into aged care service delivery, Senate Community Affairs References Committee 2025  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Agedcareservice](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Agedcareservice)  
Inspector General of Aged Care submission [Sub20 - IGAC.pdf](#)  
inquiry into aged care service delivery, Senate Community Affairs References Committee Final Report October 2025  
[https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000659/toc\\_pdf/Agedcareservedelivery.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000659/toc_pdf/Agedcareservedelivery.pdf)

<sup>26</sup> Ticking timebomb: Government ignores warnings of Support at Home's fatal flaws Hellocare 2 May 2025  
<https://hellocare.com.au/ticking-timebomb-government-ignores-warnings-of-support-at-homes-fatal-flaws/>  
Big 2025 Australian aged care changes Netplan about June 2025 <https://www.youtube.com/watch?v=LkwNDamTx0>  
Older Australians will pay a lot more to stay in their own homes after aged care changes ABC News in Depth 7.30 Sept 2025  
<https://www.youtube.com/watch?v=ppCthHuze7M>

Aged care reforms under fire as seniors with disabilities fight back with documentary Hellocare Oct 10, 2025  
<https://hellocare.com.au/seniors-living-with-disabilities-expose-support-at-home-flaws-in-documentary/>

<sup>27</sup> CareLess' Melbourne International Film Festival – documentary - 7 to 14 August  
<https://miff.com.au/program/film/careless>  
Keeping Our Lights On At Home Focus on Ability Film Festival 2025  
<https://www.youtube.com/watch?v=ZwDfpxPzacl>

There is no reason to believe that the increased financial burden on those entering residential care and the increased complexity will be an improvement. There is a great deal of apprehension. The report from the ANMF shows how much of a problem this has already become in residential care.

These accommodation payments remain a complex centralised blunt instrument. The system is unlikely to be able to respond flexibly and will be difficult to manage. It will be providers who decide what individuals will pay and we worry that they will find ways of maximizing their profits much as the market did with other per item payments.

It would be much better to address the problems in the system, particularly those created by the impossibility of managing and overseeing the needs of communities and of individuals in a sensitive and responsive way in such a complex totally centralized system.

## 2.9 Aged Care Crisis position

We need to make it clear that this is not a personal criticism but an examination of how we humans behave and how readily we go wrong. What is happening today shows just how wrong it has become. Many have pointed out that it is always good men who do the most harm in the world. Adam Smith understood this and explained that this was because they believed and were not constrained by conscience. This made the situations far more difficult to address.

We realise that this is challenging for economists but they must take some responsibility and accept the criticism that an increasing number of their peers are making.

We also stress that this is not a criticism of markets or capitalism as such, nor is it advocacy for socialism. It is what neoliberalism and managerialism have done to markets, capitalism, society and democracy. Capitalism needs to be rescued and changed so that the necessary conditions for it to work exist.

If we are to initiate the difficult process of addressing the deep structural problems responsible and prevent this from happening again, then we need to examine the social science that explains our behaviour and look at the history of markets to understand how and why this happened.

It is not going to be a quick fix. In our Appendix we look at what those who have studied, criticized and warned have said and explain how and why this happened.

## 2.10 Finding a solution

It is clear that to address all this we will have to rebuild society by engaging with communities and giving them responsibility and a fulfilling role so that they are stimulated to engage with each other, then learn and grow as they seek solutions. We need to restore the balance of insights and power that makes society, markets, democracy and capitalism work. It is not a simple task and will take time. Universities and politicians can contribute by encouraging and developing constructivist discourse within society.

Human services, particularly ageing and aged care will directly or indirectly impact on almost every citizen so they all have an interest. As Carers Australia highlighted (Ref: <sup>24</sup>) *“every family in Australia is likely to either be a carer or receive care at some point”*. It is well placed to lead the way. Instead, the new *Aged Care Act* is once again going in the opposite direction.

This has become urgent because our democracy is threatened and so is the stability of the world we live in.

The huge opportunities for engagement, relationship building and community building offered by digital technology and the world wide web are instead being used by many members of society including aberrant leaders to deceive, misinform, promote bizarre and irrational antisocial beliefs and create hate filled cults encouraging them to kill authorities, opposing groups or even randomly. If you look the other way or are old you will be scammed.

As one critic who studies this has just written<sup>28</sup> *“The world wide web was meant to unite us, but is tearing us apart instead”*.

Artificial intelligence and robotics have a huge potential to help and improve our lives by rescuing us from the treadmill of endless labor so that we can build communities, social selves and our interests and capacities. In the world we have created, instead of assisting us when making difficult decisions, it is already being misused to replace human empathy and judgement with impersonal algorithms in aged care. It is likely to become a threat to our wellbeing and has the potential to harm us in multiple other ways.

It is not the technology that is at fault but that an eroded society that has lost its way, is using it in this way. The society that we have become is not one that can make sensible decisions and unite to drive needed changes in a changing world, nor to address existential threats like climate change. It needs to be rebuilt and engaged in the generation and use of knowledge.

Our universities are well placed to assist them do this and new technology could help enormously, but the influence of the BIG 4 and their supporters would need to be neutralised and a new management style adopted.

## Attempts to address the problems

There are already several community movements that are focusing on building and empowering citizens and community.

In the UK The **Centre for Welfare Reform** was formed many years ago. It has focused on citizenship and has been pressing for citizen involvements in community services. It has successfully created human services managed by citizens and their communities in some places in the UK. It has now been renamed as **“The Citizens Network”** and become a global movement.

In Australia the **Business Council of Co-operative and Mutuals (BCCM)** has been pressing and supporting cooperating Networks of local businesses supporting one another in an attempt to address the problems. It has suggested aged care follow this path.

In Canada the Tamarisk Institute has developed what it calls **Place Based Collaboration**. In this model central organisations support, work with and empower local communities and the disadvantaged so that they take control of their own affairs and develop capacity. They have shown just how involved and innovative societies can become when they assume responsibility.

Place based collaboration has also become a global movement. Interestingly the Labor government started supporting and funding this in Australia in 2022/3 by supporting the establishment of The Nexus Centre.

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<sup>28</sup> The world wide web was meant to unite us, but is tearing us apart instead. Is there another way? The Conversation 16 Oct 2025 <https://theconversation.com/the-world-wide-web-was-meant-to-unite-us-but-is-tearing-us-apart-instead-is-there-another-way-266253>

The Nexus centre is “*envisaged to be an independent, non-government entity to support more inclusive and effective place-based partnerships between communities, governments, the non-government sector, business, and investors. It will recognise that place-based approaches differ and the ‘right’ approach reflects the needs and local arrangements that work best for that community*”.

It is not being supported in big centres, or in sectors where the market and neoliberal ideas dominate. It is the sort of thing that ACC has been pressing for in aged care for many years but it has been resisted.

**Individuals and community involvement:** In 2001 gerontologist Professor Hal Kendig and economist Stephen Duckett wrote a report on aged care<sup>29</sup>. In that they described the considerable advantages of managing the funding of services locally. Kendig was a strong advocate for managing and monitoring aged care locally for the last 20 years of his life. His submission to the 2011 Productivity Commission Review “Caring for Older Australians’ is a good example (Ref: <sup>32</sup>)<sup>30</sup>.

On page 5 he said “*nor should there be an attempt to manage community care and other aged care in a centralized, bureaucratic way from Canberra. It is important to ensure effective, integrated aged care program management at a more localized level across and within community and residential care*”. On page 6 he indicated that the Department would oversee the implementation of policy “*by regional authorities having delegated responsibilities and accountability*”. He was ignored by the review.

**Aged Care Crisis:** Since about 2008 we have pressed for greater community involvement and we also made submissions focussing on community to the Caring for Older Australians Inquiry. In a 2010 submission (Ref: <sup>30</sup>) (Sub 368) MW summarised the submission with “*It is suggested that the persons responsible for oversight, data collection, complaints resolution, and a number of other support and integrative responsibilities be sited locally in the communities where community and residential care are provided. These processes should be closely tied to the local community*”. He made another criticising the draft report (Ref: <sup>30</sup>) (Sub 568).

MW was also critical of the final report which promoted greater centralisation writing<sup>31</sup> “*The Report is trapped in this same situation and fails because the commissioners do not address it. - - There is consequently a deeply divisive fissure running through the new structure that the commission is recommending. It is likely to give rise to tension disturbances and undesirable practices*”.

In 2014 Professor Ian Maddocks, who was Senior Australian of the Year in 2013, proposed that aged care be reformed by creating local organizations led by doctors with some geriatric training but including all participants providing care and members of the Community<sup>32</sup>. He called them Community Aged Care Hubs. We strongly supported this but it did not receive much wider support and the medical profession did not embrace it, perhaps because it intruded into general practice and was not welcomed by general practitioners.

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<sup>29</sup> Australian directions in aged care: the generation of policies for generations of older people Kendig H and Duckett Australian Health Policy Institute Commissioned Paper Series 2001/05

<sup>30</sup> Submission to the Productivity Commission Inquiry into Caring for Older Australian <https://www.pc.gov.au/inquiries-and-research/aged-care/submissions/>  
Professor Hal Kendig Sub 431 (July 2010) -- J Michael Wynne Sub 368 (Aug 2010) and Sub 568 (Mar 2011)

<sup>31</sup> A Critical Examination of the Productivity Commission Report J Michael Wynne Oct 2011  
<http://www.corpmedinfo.com/pccritique.pdf>

<sup>32</sup> Big challenge requires bold thinking: Maddocks Australian Ageing Agenda 11 July 2014  
<https://www.australianageingagenda.com.au/contributors/opinion/big-challenge-requires-bold-thinking-maddocks/>

We therefore adopted the idea and the name and tried to fill the void by proposing a similar Community led Aged Care Hub in which doctors would hopefully participate. We described the idea<sup>33</sup> in April 2015 and then in September 2015 analysed the problems in aged care indicating how the hub would effectively address them in greater depth<sup>34</sup>.

We continued to press for community control and suggested that, closing a nursing home was difficult because it caused so much trauma for staff and residents. We suggested that the ownership of nursing homes could be separated from the operator by structuring them as a Real Estate Investment Trust (REIT) or making them community owned. As the agent for the customers, local community supported by central structures could replace any provider they had licensed to operate in that community if it did not meet expectations. They could easily replace it so making the market work more effectively. The staffing and residents would be less impacted.

In addition, corporations build the sort of facilities that will be profitable which is not always what is needed. Communities would be able to decide what sort of facilities they needed and then borrow money to build it or negotiate with a REIT to do so.

When Natalie Siegel-Brown was Queensland Public Guardian, she used Community Visitors successfully to watch over those she was responsible for. She made submissions advocating for their use in aged care to inquiries and to the Royal Commission. One of our members had been a community visitor for the NDIS and this worked well when properly structured. We strongly supported this as a move in the right direction. Siegel-Brown is now the Inspector General for Aged Care and we believe she will be a force for good.

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<sup>33</sup> Part 2: A big change to aged care - The essence of a "Community Hub" Aged Care Crisis 8 April 2015  
<https://www.agedcarecrisis.com/solving-aged-care/part-2>

<sup>34</sup> Part 5: Background to Community Aged Care Hub Aged Care Crisis 12 Sept 2015  
<https://www.agedcarecrisis.com/solving-aged-care/part-5>

### **3 Addressing the Terms of Reference and the issues raised in the Consultation paper**

#### **3.1 The Terms of Reference (TOR)**

The TOR is set within the current neoliberal market model and this TOR is trying to find a way of making it equitable without challenging the flaws in that model. It looks at individuals rather than at social units like families whose resources are also drained.

It is clear that the taskforce has failed to make home care equitable. Probably a large number of residents will already have had their and their family's resources depleted by home care before they enter nursing homes. The contributions for accommodation will compound this.

While supplementing payments for those without much wealth helps, it does not address the inequality created by the unpredictability of health and aging. Some end up by having their resources severely depleted even when they are paying less. Medicare makes health care more equitable and this is the sort of system that Australians would opt for if they had a clear choice. Even the rather conflicted Royal Commission agreed on this. Funding should be taken from the elderly in a fairer and more equitable way in order to address generational inequity.

Then there is the problem created by unopposed competition and commercial pressures and the impossibility of controlling them effectively in such a centralized system. The viability of providers needs to be secured without exposing us to more scandalous conduct.

This review needs to focus *“on policy, program, funding, and administrative settings”* that address these issues. Like the *Aged Care Act*, the aspirational TOR's for this review need to be underpinned by restructuring the system so that it is not continuously undermined by commercial pressures. This restructuring should ensure that community values and altruistic motives create a system underpinned by a sense of vocation rather than greed.

We are not economists but we will try to comment on the consultation questions. These are all issues and questions that should be developed and tried out with well-structured and involved community organisations. That option does not seem to exist at present.

#### **3.2 Consultation questions Part 2**

The complexity of the payment system created and explained in the consultation paper shows that this is directed to the industry and not to those who will be paying. It is far too complex for most members of the community to come to grips with and they are unlikely to be able to make submissions. It is a graphic illustration of the problems that have been created. Most citizens will not want to be a part of this and yet they have little choice. This should not be happening as it contributes to the delegitimization and misinformation of the customer and this is another reason why it needs to be rejected.

Separating accommodation from care is contrived in this context because they are interdependent in many ways. We need good safely designed accommodation staffed by the experts needed to use the facilities to provide care. It's not the intent that we criticise, but the system within which this is done. Caring requires cooperation, empathic sharing and a sense of vocation rather than competitiveness. We should all be able to understand what is happening. Our brief comments below relate to the system that exists and are not relevant in the sort of system we are pressing for.

**1. Outline how you think the Accommodation Supplement could be reformed to ensure quality accommodation for residents of low means.**

Funding should be based on the needs of individual communities and they should control how it is spent, monitor that and report on it. They should be assisted in developing good quality well designed safe and well-staffed facilities. Funds should be provided from a levy deducted from superannuation or an estate levy both supplemented by a reasonable affordable fee. Greater luxury can be provided for the wealthy when that is needed in the community and an additional contribution made by them.

**2. Should the value of the Accommodation Supplement be universal or tiered such as by location or proportion of residents or other basis?**

It should respond to the needs of the community and its citizens. Efficiency should be tempered with the need to be resilient and responsive, allow for unforeseen problems and the development of relationships.

**3. Should the Higher Accommodation Supplement be staggered over time, so that as the accommodation facilities age the Residential Aged Care Accommodation Pricing Review Consultation Paper supplement is reduced (with the full value payable again after a new renovation)?**

The need for updating and renovation should be recognised by each community and it should plan ahead so that funds are available.

**4. How suitable is the current incentive structure to encourage providers to accept low means residents (a discount on the Accommodation Supplement based on a single threshold of 40% supported residents)? How could those incentives be preserved or enhanced?**

If providers were required to serve the community and support its values and be paid by them for the services provided then incentives would not be required.

**5. How can the Accommodation Supplement be reformed to support an uplift in the quality of accommodation?**

By working through and with community structures.

**6. Outline how the Accommodation Supplement pricing impacts on incentives for capital investment in residential aged care.**

Investment should be based on community needs and community decisions and not rely on incentives in the marketplace. It clearly has not worked.

**7. In what ways could the Accommodation Supplement be reformed to better incentivise capital investment in residential aged care?**

Avoid incentivisation.

**8. To what extent is the current rates of the Accommodation Supplement sufficient to cover providers' capital and operational costs relating to accommodation?**

This is something local involved communities and their accountants and architects working with the providers should resolve.

**9.**

***How does the costs of providing accommodation vary across different operating environments, such as differences in location?***

We don't have that information but clearly distance from major centres as well as the ageing and health spectrum of different types of communities can vary considerably.

**3.3 Consultation questions Part 3**

RADs (Refundable Accommodation Deposits) have been one of the reasons why the market has not worked as the risks to these funds and the residents and staff when facilities are closed should a provider go under is a major deterrent to putting a poor provider out of business. If RADs are allowed to become the more costly option, then they could be phased out more rapidly.

If the Royal Commission's recommendation to abolish them by July 2025 had been followed, they would no longer be a problem.

We do not have the knowledge or the expertise to answer the questions in this section. It seems to simply be introducing greater and greater complexity and contributing to the regulatory trap.

## 4 Recommendations

**Funding aged care:** We urge the reviewers to advise the government that what the taskforce has created is not what the Royal Commission recommended and not what the community would have wanted had they been represented and had input. It is not working and not really equitable. Many are already suffering.

They need to reconsider the decisions they made and introduce a Medicare-like system like that recommended. They should then address the issue of generational inequity by imposing a means tested contribution on older citizens based on their income and perhaps resources.

An easier and less disruptive option would be an estate tax as a temporary option until a more equitable option linked to superannuation creates a long-term solution which would see each generation save the money to pay for good aged care for themselves without disrupting families and their support for their younger members.

**Warnings ignored:** The reviewers should also make it clear that Commissioner Pagone, had warned government that the structural approach advised by the public servant Commissioner and adopted by government did not address the deep problems in the system identified by his predecessor Justice Tracey. Pagone described them as renovation and did not support them. Instead of beginning genuine reform as Pagone recommended, government have fallen into the regulatory trap. This is driving good providers and motivated staff out of the system. As the ANMF report shows, no one wants to work in a system like this. It has gained a bad reputation and there are fewer and fewer role models. Aged care is fast becoming a last choice career.

Government should be reminded that it is four years since the Royal Commission's report and it is clear that the situation is getting steadily worse and not improving. It is unlikely to improve significantly when the new changes are made. The validity of Pagone's warnings have been confirmed.

**Real reform:** If the minister for aged care, The Hon Sam Rae MP, genuinely wants citizens to have *'the world class care they deserve'* he claims<sup>35</sup> to be aiming for, then his attention should be drawn to those countries that already have the best aged care systems in the world, learn from them and try to improve on it. As the Royal Commissions own inquiry found, it is the Scandinavian countries (eg. Norway) that provide the best care and it is because local municipalities oversee and manage the system and regulate the providers including corporate multinationals. They have not had the problems seen in the USA and Australia because the necessary conditions for a market to work exist.

We are not suggesting that we should abandon everything that has been done so far and switch suddenly to Pagone's recommendations but we are pressing for a change in direction that has the same objectives. The aspirational legislation is good but we need to move towards a system that will enable those aspirations to be met by addressing the problems in the system.

We suggest that the reviewers press for a much closer relationship with local councils and municipalities. They should work with central management to develop local community subsidiary organisations that would work with central bodies in managing and overseeing care as well as local providers in supporting good care. These local organisations would draw on local expertise - medical, nursing and financial.

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<sup>35</sup> FAST-TRACKING MORE HOME CARE PACKAGES Media Release The Hon Sam Rae MP 7 Oct 2025  
<https://www.health.gov.au/ministers/the-hon-sam-rae-mp/media/fast-tracking-more-home-care-packages>

These local bodies should work cooperatively together and form a central organization to integrate, represent and support them. It would collect data and work closely with universities, who might even be represented. Research projects where local groups assist in collecting data would evaluate and measure progress and influence decisions. This might well be a part of a wider existing or new municipal representative integrating body.

This central body representing communities would appoint representatives to represent them on all central administration, management and aged care policy bodies and committees. This would ensure that independent civil society and its views would be represented at every level of the system.

Commissioner Pagone's recommendation of the Grattan Institute's regional management and oversight model using Primary Health networks across the country would work well within this broader model. While ageing is a normal process it results in the failure of organs and systems and the development of multiple diseases. Our longevity owes much to developments in medicine that hold these in check. Health care is a critically important part of aged care. Primary Health networks could play a critical role in working with and supporting local health care provision in aged care in both at home and in residential care.

**Placed Based Collaboration:** This should not be a prescribed rigid policy process but a fluid policy direction that develops by trial and error so that it builds on experience and grows, is resilient and responsive to change and unexpected crises like the COVID pandemic. It ticks all the boxes for a Place Based Collaboration project and this not only has a proven track record, but has had some support from government.

**Playing a role in rebuilding civil society:** These changes would create a nucleus of responsible people who see aged care as a vocation based on community values and cooperation rather than competition. It would start the rebuilding of society and encourage others to form groups that build civil society processes into other sectors that are failing us by acting locally to hold them to account.

It could initiate the structural changes that are needed to rebuild our societies and our democracy. It might facilitate this if the community aged care bodies were linked to municipalities and counsels and operate through their central organisations.

**How to commence this:** The present Inspector General for Aged Care, Natalie Segal-Brown has had wide experience in working with community and community organisations. She used community members to assist and support her work when she was the public Guardian in Queensland. She has the skills and experience needed to take charge of and guide the sort of changes needed and so create not only a world class system but also in time a world leading civil society which others will emulate.

**Dangers:** The greatest threat to this will be the power of the big companies who did not enter the sector because of a mission of care, but because they were promised large profits by government. They are justified in feeling betrayed.

MW recalls that Dave Lindorf in his 1992 book 'Marketplace Medicine' referred to an attempt by government about 20 years earlier to control problems in aged care. Companies started discharging those who were not profitable onto the streets and not investing. Government was unable to address this and backed down.

It is important to provide an exit path for private equity and those for-profit groups who are in aged care to make big profits. These are those who are not motivated by a mission to provide good care and who cannot embrace community values.

We suggest that ownership of nursing homes by incorporated entities and private equity be required to operate as REITs. They should form subsidiaries to hold these assets to whom they pay a reasonable rent. They can then exit the sector without disrupting staffing or care, while continuing to make a reasonable profit from a stable investment. It would attract ethical investors wanting to support community services. The funding mechanism should ensure this. The community can exert pressure on those who try to maintain current practices and will not work with them and if need be, replace them.

## 5 APPENDIX: Relevant History and Analysis

**Note:** This Appendix examines the history of markets and market failure and the social science that explains it. It was written for our submission to the inquiry into aged care service delivery, Senate Community Affairs References Committee 2025. It tells more of the story but there may be some repetition. It supports what we have written. There are minor edits.

### History

**Ancient Greece:** About 2500 years ago in ancient Greece, a physician, Hippocrates recognised the conflict of interest created by our selfish competitive selves on the one hand, and our social selves on the other. As we now know our selfish competitive selves developed over the centuries as we evolved and struggled to survive. It is embedded in our DNA. Our Social selves in contrast are largely acquired. This develops as each generation grows up and interacts with its fellows and predecessors. Our understanding and knowledge of the world, our community values and our sense of responsibility for others develop and are passed from generation to generation. Each generation makes its contributions and modifications making it adaptable and keeping it relevant. That is why we have been such a successful and adaptable species. We learn to cooperatively enter into one another's lives and share insights and knowledge in order to build and maintain a stable 'normative order'. This maintains a stable functioning society but as we will see this becomes a problem when society breaks down and loses its way and does not pass on its knowledge and values. It becomes unstable.

Hippocrates saw how this conflict of interest played out in health care where an imbalance of power exposed dependent patients to possible financial and sometimes sexual exploitation by doctors when they were not fully constrained by society's values. He recognised the importance of 'objectifying' ethical commitments and the importance of an interacting engaged community of doctors who reinforced those values and exerted control over fellows who were tempted to deviate. He objectified both by devising an oath that every doctor swore. In doing so they 'internalised' these ethical concepts and they became integral to their lives and identity. The World Medical Associations directive to doctors is a modern development built on this history.

This has stood the test of time when valued, supported and admired by society and so tied to a doctor's identity. But doctors are human. They are a part of society and when society embraces beliefs that breach these ethical values some (occasionally many) will develop justifications for doing so too. Patients have been harmed. Others will resist and fight back. In 1861 a US doctor Oliver Wendell Holmes wrote "*The truth is that medicine, professedly founded on observation, is as sensitive to outside influences, political, religious, philosophical, imaginative, as is the barometer to the changes of atmospheric density ...*". We have seen this in Communist Russia, in Fascist Germany, in Racist USA, in Apartheid in South Africa and more recently in corporatised health care in the USA and probably to a lesser extent elsewhere.

Greek Philosophers like Socrates, Aristotle and Plato studied the human condition and society. The democratic system that the Greek society developed in Athens has been admired and societies have tried to emulate it ever since.

**After the dark ages** there was a revival and philosophers once again started exploring life's issues. As early as the 16<sup>th</sup> Century French philosopher Michel de Montaigne recognised the problem of ideological belief and in commenting about the turmoil in France<sup>36</sup> wrote *"Is it not better to remain in suspense than to entangle yourself in the many errors that the human fancy has produced? Is it not better to suspend your convictions than to get mixed up in these seditious and quarrelsome divisions?"*.

By the 18<sup>th</sup> century Immanuel Kant and others were exploring themes of reason, individual rights, social contract, and the nature of knowledge. They influenced political and social reform movements. They started looking at the way knowledge was constructed. They realized that each person saw the world in the context of their own lives and experience and used the analogy of seeing through tinted glasses to explain this. Later Philosopher Friedrich Nietzsche put it this way *"The more eyes, different eyes, we know how to bring to bear on one and the same matter, that much more complete will our "concept" of this matter, our "objectivity" be"*. It is by entering into each other's lives and seeing through many eyes that we develop a more reliable view of the world together. These ideas are critical for democracy. Dominant ideologies that are not representative of our world must avoid the insights from the eyes of others to survive.

**The troubled late 19<sup>th</sup> and 20<sup>th</sup> centuries** stimulated many thinkers. *Emile Durkheim* an early sociologist was one of these. In about 1901 he described what happens when changing times challenge societies 'normative order' and it does not adapt so ceases to work for citizens. Society breaks down, becomes stressed, fragments and loses trust in the world. He described the mental stress and increase in suicides that resulted. Durkheim called this 'anomie' to contrast this disorder with order or 'nomos'. Later analysts described the increase in crime. Anxious citizens are stressed and vulnerable and likely to follow any charismatic leader selling simplistic ideologies that seem to offer stability and meaning. This state of society has been called 'populism'.

Philosopher *Ludwig Wittgenstein* studied the role of language and how we all too often used it to distort and avoid the real world and not use it to develop our knowledge. He realized that we were limited in what we could understand and analyse by language itself. We sometimes needed to develop new concepts and words.

Existentialist philosopher *Jean Paul Sartre* explored the human condition and, in his book, 'Being and Nothingness' he examined how each person starts with a blank sheet with nothing on it. Each has no choice but to continuously build an image of the world and our place in it creating an identity and sense of self in doing so.

As Sartre explained, we experience the world subjectively and to look at it and understand it objectively we need to see ourselves as others see us. We develop an imaginary 'other' based on those who have influenced us (ie a social self or conscience) and then see and judge ourselves as they would see us. We then claim an identity by acting out our role before others and embrace their acceptance.

But Sartre recognised what happens when we find ourselves in a social setting where others expect us to behave in ways that conflict with the person we have already become – our social selves. That is confusing and stressful for them. He explains how we then escape from this by lying to ourselves and then act out and embrace a different self and do different things that can be harmful in order to be a part of that community. It is a stressful and uncomfortable situation.

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<sup>36</sup> Michel de Montaigne Quoted in 'Advertising is driving social media-fuelled fake news and it is here to stay' by David Glance The Conversation 9 November 2016  
<https://theconversation.com/advertising-is-driving-social-media-fuelled-fake-news-and-it-is-here-to-stay-68458>

We deceive ourselves but deep down we know we are doing that. We even make jokes about it with others doing this in order to relieve this stress. Sartre called it 'Bad Faith'. If we look at what happened in corporatised health care in the USA we can see how this played out there as doctors built their careers in the new corporatised system in this way.

Sociologist *Peter Berger* brought many of the insights from philosophers into the social sciences writing about the 'Social Construction of reality'. He explained the way the world we build and live in is one that we have constructed ourselves and how important its stability is. It is a world of ideas, meanings and understandings. A number of disciplines in sociology have been built on Berger's insights.

In another work Berger explained how religion and religious beliefs shielded us from the stresses of life so creating stability. He called it a 'sacred canopy'. Religious beliefs create an order of thinking that is not tied to this world and as a consequence cannot be easily challenged or disproven so creating stability. History shows that they can also sometimes become ideologies and cause conflict and disruption.

J B O'Malley in his 1970s book 'The Sociology of Meaning' extended this by exploring the role of and importance of creating meaning in our lives and how we created it. It gives our lives a sense of direction

These sociological insights are very challenging to individuals and society and have not been well understood or popular in Australia. They are very relevant in understanding what is happening today,

Late 20<sup>th</sup> century Philosopher *Michel Foucault* explored the way the powerful control our thinking. He explains the link between power and knowledge – how the powerful control knowledge and how they use this to control the way others in society think. By constraining and suppressing conflicting views this creates stability in society. But that applies equally when ideologists have that power. In 2006 a nurse academic used Foucault's insights to explain how neoliberal managerial ideas had impacted on aged care and how this explained the many failures in care that she encountered in her research. She spoke out and was then attacked by industry who lodged a complaint with her university. Another nurse used it to explain the strong influence of managers on the new ways that nurses were approaching their work that she was studying in health care.

## The story of Neoliberalism

The industrial revolution saw the growth of markets. In the late 18<sup>th</sup> century, the father of Economics Adam Smith published his five Volume 'The wealth of Nations'. He described the way markets worked and their many benefits. He dealt with the complexity and also warned in the later volumes of the problems that could develop stressing the importance of an informed and involved customer. He explained that "*virtue is more to be feared than vice, because its excesses are not subject to conscience*". He warned that businessmen were "*an order of men*" whose interests were not those of society stressing that any proposal from this order "*ought never to be adopted, till after having been long and carefully examined ... with the most suspicious attention*". But in the 19<sup>th</sup> century all this was ignored as markets started to dominate and a 'laissez faire' hands off approach was adopted.

Karl Polanyi was a Hungarian who fled Europe after Hitler rose to power going first to England and then Canada and America. He studied the development of markets and how they contributed to what happened in his 1944 book 'The Great Transformation'. He described how the feudal world changed and markets developed over several hundred years.

When change occurs, some are disadvantaged and suffer. But to begin with those in power took steps to counter this and protect the vulnerable.

But this changed as markets gained power in the 19<sup>th</sup> century and were no longer constrained. This hands-off belief was called *laissez-faire*. The rich got richer and the bulk of the population got poorer and struggled. As a consequence, society started falling apart and became unstable.

The absence of regulatory constraint contributed to the collapse of Wall Street in 1929. The Great depression that followed fractured society even more and we saw citizens grasping for any sort of saviour. The rise of fascism saw Hitler and Mussolini fill this void and World War II was a consequence. Polyani was very critical of the Austrian economists von Mises and his pupil Hayek, the founders of neoliberalism. They misunderstood what had happened and the role that markets had played.

Polyani was very influential in the post war years and the Polanyi Institute was established at the University of Concordia<sup>37</sup> in Canada in the 1980s when critics realized how relevant he was.

Hayek's book expounding free market ideas was also published in 1944. It was essentially a libertarian movement expressed through markets and it saw communities and community movements as a threat to freedom. Hayek misunderstood what had just happened and wrote *"in practice every kind of collectivism consistently carried thought must produce the characteristic features which Fascism, Nazism, and Communism have in common. Totalitarianism is nothing but consistent collectivism"*. That communities (collectives) had fought to build successful democracies over the centuries and had just united around the world and fought a war to end fascism, was simply ignored. This is a good example of what is now called 'strategic ignorance'

The economist John Maynard Keynes was also very critical of what was happening and advocated a far more interventionist and controlling approach to markets. Keynesian economics were adopted by most countries after the Great Depression and as the war brought citizens together, we entered a period of prosperity, equality and more responsible markets in the USA and globally including Australia. President Roosevelt's New deal built on this and created a prosperous, stable and equitable society.

Hayek was initially sidelined and he responded to this by collecting believers together and forming the Mont Pelerin Society in 1947. Their intent was to educate and promote neoliberal ideas. Milton Friedman from the USA was an early convert. The writer and philosopher Ayn Rand, an emigrant from Russia to the USA later promoted selfishness as a virtue and condemned any sort of control over the way we behaved. Both 'orders of thinking' condemned and feared 'the collective'. A critic of Rand wrote *"Hers is an ideology that denounces altruism, elevates individualism into a faith and gives a spurious moral licence to raw selfishness"*.

The neoliberal movement spawned a number of think tanks and educational foundations globally teaching Hayek and more recently Rand's ideas. They have created a leadership cult and award scholarships to promising students to institutions that teach both. These students later enter politics and the market. One group, the Atlas Network now boasts of over 500 subsidiary institutions around the world including Australia teaching Hayek and Rand.

Businesses were smarting under Keynesian restraints and this was appealing to them and some politicians. By the 1960s they were becoming influential and policies in the USA and Australia were influenced. Conservative parties were divided. These ideas became more and more influential and influenced both Ronald Reagan and Margaret Thatcher.

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<sup>37</sup> Karl Polanyi Institute of Political Economy <https://www.concordia.ca/research/polanyi.html>

Analysts at the Rand Corporation later attributed Reagan's successful election to the loss of confidence that followed the defeat in the Vietnam war and then the Watergate scandal involving president Nixon.

They called this 'Truth decay' rather than using the word 'anomie'. They have since published articles tracking the spread of truth decay over the world as neoliberalism failed.

Thatcher and Reagan were advised by Hayek and Friedman as they brought in neoliberal policies and then pursued the globalization of markets around this model. Neoliberalism and managerialism were spread across the world and gradually took control of markets, politics and society. Those who saw what was happening started writing about this and we got many warnings starting in the 1980s.

## Criticism and Analysis

In the USA Robert Kuttner editor of the American Prospect wrote<sup>38</sup> about 'The Limits of markets' in 2001 and pointed out that this unchecked market system would not work. He also wrote about what was happening in Health care. Professor Arnold Relman was bitterly opposed to this happening in Health care and wrote critically for years. In Canada Colleen Fuller wrote several books describing what was happening. John Ralston Saul described what he called 'The Unconscious Civilisation' about a society (ours) that was rendered unconscious of what was really happening by ideology. He later visited Australia and warned of the growing power of multinationals.

Stuart Glegg wrote 'Managerialism: Born in the USA' describing its consequences as "*the loss of an ethical compass in the times in which we work*" and its consequences and global impact as "*dismal, destructive, and decadent*".

In Australia Rees and Rodley wrote 'The Human Costs of Managerialism'. Eva Cox was very critical and her ABC lectures 'A Truly Civil Society' was a challenge. She hosted Robert Putnam from the USA to speak about 'Social Capital'.

In the USA Dave Lindorff's 1992 book Marketplace Medicine described what was happening in health care. Donald Barlett and James Steele are two Pulitzer Prize winning *New York Times* Journalists. Their 2004 book 'Critical Condition: How Health Care in America Became Big Business & Bad Medicine' is even more damning confirming Lindorff's warnings.

In 1992 Australian Ron Williams who had been studying health care in the USA wrote 'Remission Impossible' to warn Australia, graphically describing<sup>39</sup> "*--- a huge and depressing departure from the system as they (readers) now know it.*" He explained that "*compassion will give way at an increasing ratio to profit. Care for the patient will give way to care for the corporation ---*". He was simply ignored. In Australia medical leaders Peter Arnold, Stephen Leeder and David Weedon all warned about this in health care during the 1990s as did one of us (MW).

In the 1990s economist Bob Gregory<sup>40</sup> in his review, Brenda Gibbs in parliament<sup>41</sup> in 1997 and Aged Care Crisis members warned about the consequences for aged care.

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<sup>38</sup> Kuttner R The Limits of Markets The American Prospect 9 Dec 2001 <https://prospect.org/economy/limits-markets/>

<sup>39</sup> For more quotes see 'Remission Impossible 1992 at <http://www.corpmedinfo.com/williams.html>

<sup>40</sup> Aged Care Reform Strategy Mid-Term Review. Stage 2 Report. Gregory, R. (1993) Looking Glass Press (Chapters 1 & 9

<sup>41</sup> Gibbs, B. Senator (1997 Jun 24). Aged Care Bill 1997. Hansard p 5042 <http://bit.ly/2rfThau>

**Since 2000**, those who understand this have become more and more alarmed. Karl Polanyi's book was republished in 2024 with a forward by Gareth Dale describing its relevance because what Palanyi had described was happening all over again.

Many including Dale have been writing about this. Members of the Karl Polanyi Institute of Political Economy at Concordia University in Canada have been writing critically.

Robert Kuttner has extensively researched events and in his 2018 book "Can Democracy Survive Global Capitalism" he describes the success of President Franklin D. Roosevelt's New Deal policies and the sort of responsible and equitable America it created. One of us (MW) is old enough to have some experience of US corporate culture and behaviour at the time and remembers what it was like. Kuttner takes off from where Polanyi left off describing how neoliberal policies changed all this and took us back to the sort of world that Polanyi described. He described how the wealthy became more powerful and their donations were critical to win elections.

This caused both major parties in the USA, the UK and other countries like Australia to move away from their postwar positions and support neoliberalism.

He described how the wealthy became more and more wealthy as the rest became poorer and poorer and how society has now broken down in the same way that it did in the early 20<sup>th</sup> century. He explains how this led to the election of Donald Trump in 2016. He hoped for a backlash with Bernie Sanders leading a revolt against Trump but this did not happen. Trump is back in power and some analysts are comparing what he is doing to destroy Democracy and cement his power in the USA with what fascism did in the 1930s<sup>42</sup>.

In the **Quarterly Publication of the International Monetary Fund (IMF) - March 2024 edition 'ECONOMICS How should it change?'** multiple economists at the IMF including Angus Deaton, the 2015 Nobel prize winner, are scathing about mainstream economists and the way they have adopted neoliberalism and ignored other disciplines particularly social science. Deaton argued that what they have done is to give businesses a license to plunder<sup>43</sup>. In Australia many others are now writing extensively about this criticizing mainstream economists.

In our March 2024 submission to the Department of Health in response to the **Consultation on the draft of the new Aged Care Act (2024)** we quoted from the criticisms we made in our submissions to the Royal Commission of what it was failing to do - as well as from other critics. We then used quotes from the 2018 book "*WRONG WAY - How privatisation and Economic reform backfired*", edited by political economists Cahill and Toner to illustrate the problems caused in Australia. Twenty-four credible economists and related experts contributing chapters, described multiple sectors that had failed in Australia – including aged care. Many other economists including in Australia have also been critical.

**In Aged Care:** Since 1997 there have been an endless cycle of exposures of failure and investigations with wide publicity.

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<sup>42</sup> Trump's Washington DC takeover is straight out of a fascist playbook The Guardian 13 Aug 2025  
<https://www.theguardian.com/commentisfree/2025/aug/13/trumps-washington-dc-takeover-is-straight-out-of-a-fascist-playbook>

<sup>43</sup> ECONOMICS *How should it change?* Quarterly Publication of the International Monetary Fund March 2024  
<https://www.imf.org/-/media/Files/Publications/Fandd/Article/2024/03/FD0324.ashx>

John Braithwaite, the founder of the international group Regnet has studied and written about the regulation of aged care since the 1980s and was studying regulation of aged care in the USA during the 1990s at the same time as one of us (MW) was examining the failures in health care and writing about the failure of accreditation there. Braithwaite wrote an article in the British Medical Journal criticizing the introduction of accreditation as the way of regulating aged care.

One of us (MW) was very concerned about this too and in 2006 wrote a web page criticizing what was happening in Australia<sup>44</sup>. We did not know that Braithwaite and his colleagues was studying this too during this period. In their 2007 book **'Regulating Aged Care: Ritualism and the New Pyramid'**, Braithwaite et al described what had happened and was very critical of the failures in the system and of the way the recommendations from previous reviews had been watered down including advocacy which he described as having a small 'a'.

They describe how participants *"engage in the game of regulatory ritual in order to 'get by' in the regulatory society"*(P330) They argued (P100) for *"dialogic, local accountability based on broad outcome-oriented standards and well-resourced local advocacy is a more hopeful strategy than national accountability based on demands for detailed documentation and a myriad of inputs"*. He warns that the system had been captured by market thinking. Instead of addressing Braithwaite's concerns, the system compounded them.

Lisa Trigg who gave evidence to the Royal Commission compared the UK and Australian systems. She wrote about the extent to which regulation in Australia had been captured. Since that time many have written about how both the state and regulation have been captured by the rich and powerful so making regulation ineffective and destroying our democracy.

Social Scientists have been alarmed by what they see and have written several recent books. Two explaining how we create and maintain ideological beliefs by selecting what we want to see or use:

- **'The Unknowners: How Strategic Ignorance Rules the World'** by Lindsay McGoey (2019)
- **'Willful Blindness: Why We Ignore the Obvious at Our Peril'**, by Margaret Heffernan (2013 and 2019)

Two books look at what is happening in society:

- **'Macro criminology and Freedom' (2022)** by criminologist John Braithwaite is a lengthy analysis of society over the centuries looking at the persistence of societies that are dominated by individuals or powerful groups (cascades of criminality) and contrasting them with periods when civil society is strong and balanced (cascades of virtue). He also describes how dominance can result in society breaking up and still calls this 'anomie'. He writes specifically about market dominance stating that *"Criminalised states and criminalised markets evolve when there is no networked governance of their dominations"*.
- **'Resilience Thinking: Sustaining Ecosystems and People in a Changing World'** (2006) by Walker and Salt examines what happens within a specific sector but it is clearly applicable to other sectors including aged care. He describes how social systems fail when they are dominated by one group and there is no balance of ideas. They go through cycles of repeated failure as the same dominant groups take control and do their own reforms. They only recover and work well again when citizens seize an opportunity to take back control and rebuild so that there is a balance of power and insights.

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<sup>44</sup> Wynne JM The Accreditation and Complaint Processes Australian Nursing Homes Corporate Medicine web site Sept 2006 [https://www.bmartin.cc/dissent/documents/health/nh\\_accreditation.html](https://www.bmartin.cc/dissent/documents/health/nh_accreditation.html)

Many are now writing about the way societies have become distrustful and broken up across the world calling it the post-truth era. While the USA has the biggest problem, the large increase in youth crime, random shootings and stabbings, as well as the development of dangerous cults like the *sovereign citizens*<sup>45</sup> show that Australia is not far behind. It is something we ignore at our peril. More regulation, prison and even rehab programs do not address the root cause. Rebuilding and engaging civil society is critically important. Human services are well placed to do so.

## Analysis and warnings by Aged Care Crisis and its members

We have tried to document what is happening online since the 1990s and bring many of these insights together. In 1996 MW developed the Corporate Medicine web site to document and analyse what was happening in the USA and Australia and wrote there up to about 2012. There are over 500 pages. We include a few that are relevant below.

### WARNINGS

**About 1994** MW challenged surgeons whom a US multinational was courting and presented evidence to a behind closed door meeting of the Australian Association of Surgeons.

**1996 A paper** '*THE IMPACT OF FINANCIAL PRESSURES ON CLINICAL CARE LESSONS FROM CORPORATE MEDICINE*' was presented to a conference '*Access to surgery: A National Symposium on the Planning and Management of Health Care Programs under Medicare*'. It was published in its proceedings. It warned that this could happen in surgery and in Australia too. Read the paper at <http://www.corpmedinfo.com/corpmed.html>

This was prophetic because eight years later in 2002, a very profitable US hospital operated by the company who had by then left Australia was found to have done between 700 and 800 unnecessary major open-heart operations. The CEO in charge of the company in Australia in the 1990s was involved and in overall control. He had prevented other doctors in the hospital, who wanted to stop this happening, from doing so. Stephen Klaidman's book '*Coronary: A True Story of Medicine Gone Awry*' described what happened. This might have been Australia had we not acted and forced this company to retreat back to the USA.

Several other papers were published criticizing, explaining and warning. Copies were placed on the web site with their permission.

1. MW was invited to deliver a public lecture in Edmonton in Alberta Canada in 2004. Australia's Experience with Health Reform - Are there lessons for Canadians?  
<http://www.corpmedinfo.com/WYNNELP2710.pdf>
2. Building on Values: The Future of Health Care in Canada by Wynne M and Armstrong W in Health Issues Journal March 2003. The Romanow inquiry in Canada was very critical of the pressures to corporatise health care. MW enlisted Canadian Wendy Armstrong to help him use this to warn Australia. <http://www.corpmedinfo.com/wynneandarmstrong.pdf>
3. Nay Corporate Medicine -- invited opinion piece published in "Business in Practice" (Journal of the Private Practitioners Group of the Australian Physiotherapy Association) March 2003 page 10  
[http://www.corpmedinfo.com/nay\\_corporate.html](http://www.corpmedinfo.com/nay_corporate.html)

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<sup>45</sup> Inside the fringe groups fighting a 'quasi civil war' with self-styled sheriffs and their own court" ABC News 18 Aug 2025  
<https://www.abc.net.au/news/2025-08-18/sovereign-citizen-movement-law-court-four-corners/105655100>

4. "Hazards in the Corporatisation of Health Care" in New Doctor V80 Autumn 2004  
<http://www.corpmedinfo.com/pp2-5.pdf>
5. "Reality in Reforming Health Care" Health Issues 2005, Number 83, pp. 9-13. 1  
<http://www.corpmedinfo.com/jmwynne83.pdf>
6. The Accreditation and Complaint Processes Australian Nursing Homes Corpmed web site Sept 2006 [https://www.bmartin.cc/dissent/documents/health/nh\\_accreditation.html](https://www.bmartin.cc/dissent/documents/health/nh_accreditation.html)
7. Letter headed "Aged Care Promises given by the previous government and other matters" from MW in Dec 2007 to the new Minister for Aged Care Justine Elliot drawing attention to major problems in aged care regulations relative to the suitability of nursing home owners and promises made by the previous ministers. <http://www.corpmedinfo.com/MinElliot-11-12-07.pdf>
8. "Caring for Older Australians" A Critical Examination of the Productivity Commission Report Oct 2011. It concludes that "Because the commissioners were selected from those who identified with the system, we are getting a variation of the same flawed solution. How long will it take this time?" <http://www.corpmedinfo.com/pccritique.pdf>

### **Analysis**

"Introduction to Sociopathy" (2001-2003) - This examines some of the characteristics that makes people successful in a dysfunctional marketplace. Social scientists have written about 'successful sociopaths; finding they comprise a small percentage of businessmen but they have a big impact. <http://www.corpmedinfo.com/sociopathy.html>

'A Basis for Criticism comprising A Simplified Understanding of the nature of Ideas, Beliefs and Behavior and A Simple History of Ideas in Health and Aged Care' --- Written in 2011 in an attempt to explain the social science that helps to understand the 'Caring for older Australians' report that was being criticised. <http://www.corpmedinfo.com/agedcrit.pdf>

When the aged care system came apart during the Abbott years when Morrison was minister, one of us started writing a more analytic website 'Inside Aged Care' in 2015/16. It was overtaken by events and never completed.

- '**Cultural perspectives**' overview web page written 2015-16 links to 6 other pages looking at cultural and related issues.  
<https://www.insideagedcare.com/aged-care-analysis/cultural-perspectives>
- '**Theory and Research** in aged care' is an overview that explores social theory and the studies by social scientists and others. It links to seven subsidiary pages. It also looks at how Foucault's insights were used to illustrate what was happening.  
<https://www.insideagedcare.com/aged-care-analysis/theory-and-research>

## **The Royal Commission**

We made submissions to the Royal Commission advocating for a restructured aged care system and when we saw what was happening, we criticized.

- "**Why our society and human services are in trouble**" December 2021 updated 2023.  
<https://www.agedcarecrisis.com/images/whysocietyandhumanservicesareintrouble.pdf>

When we saw what was happening after the final report, we wrote another additional 45 page analysis describing the problems, how we got here and what was now happening ending with some comments about those trying to do it differently. We give examples of leading figures who simply could not accept the Royal Commissions damning report (Part 6 page 33-38).

- **“Why the appointment of Mark Butler as Shadow Minister for Health and Ageing is significant” (Feb 2021)**

<https://www.agedcarecrisis.com/opinion/articles/453-why-the-appointment-of-mark-butler-as-shadow-minister-for-health-and-ageing-is-significant>

When we discovered that Mark Butler who had been the minister for aged care in 2012 when the reforms that failed so badly were introduced, was appointed as shadow minister for health after the Royal Commission reported and with an upcoming election we became alarmed. We felt there was a conflict of interest. We wrote this web page describing what happened in 2012 and subsequently. We then described the evidence and our concerns about both parties being captured by the market.

In 2014 Rob Oakeshot had described how big business had hijacked parliament and been controlling government during this period<sup>46</sup>. What has happened since suggests to us that this is still happening and many others are analysing it.

## **The new *Aged Care Act***

We made submissions to the inquiries and consultations that followed the Royal Commission.

**Submission to ‘A New Model for Regulating Aged Care’ June 2023** can be accessed from a summary at: <https://www.agedcarecrisis.com/opinion/articles/476-new-model-for-regulating-aged-care>

This is our longest and most in depth submission where we criticise what has happened and explore multiple issues in several Appendices:

- In Appendix G: *“Books and people who analyse what is happening”* we refer to works by McGoey, Heffernan, Foucault, Rees and Rodley, John Ralston Saul, Walker and Salt and Braithwaite and consider the implications for the sort of reform that is needed
- In Appendix H *“Regulatory changes are driving the best providers out of aged care”* we look at smaller municipal providers and some nonprofits who see what is happening and find that many are already vacating the sector.
- In Appendix I: *“Analysis of the Star Ratings webinar for providers”*. We look at some problems with what is being done.

**Submission to Department of Health and Aged Care** on the new act 4 Mar 2024. It is Submission number 130 at

<https://consultations.health.gov.au/ageing-and-aged-care/new-aged-care-act-exposure-draft-consultation/>

We explained that many drafting this Act were conflicted because they were so closely involved in the system that failed. We looked at other’s criticism and quoted from the criticisms we made to the Royal Commission that were ignored. We summarise and quote from *“WRONG WAY - How privatisation and Economic reform backfired”* edited by Cahill and Toner, to show what has happened. We highlight major issues and advocate *“To change the structure of the service so that the balance of power is sufficiently reversed that survival and success will depend of embracing values and services that serve the community and its members”*. We wrote about the capture and erosion of our democracy quoting from others. We wrote about the privatisation of assessments, and about advocacy. We summarise some previous submissions in an Appendix.

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<sup>46</sup> How big business hijacked parliament Rob Oakeshott The Saturday paper 9 Aug 2014  
<https://www.thesaturdaypaper.com.au/topic/politics/2014/08/09/rob-oakeshott-how-big-business-hijacked-parliament/1407506400834>

## **Serious issues with the new *Aged Care Act 2024***

<https://www.agedcarecrisis.com/opinion/articles/479-aged-care-act-serious-issues>

We were among those involved with OPAN and COTA who were conducting roundtable discussions. We also wrote to some politicians expressing our concern about what was happening. Some of these articles can be accessed from links on this web page.

They include:

- **Introduction to an analysis of the new *Aged Care Act* and proposals for change January 2024**

This was written for the information of the members of the groups who were meeting COTA and OPAN and was sent to them. We deal with some social science and ways of addressing the problems. We describe the lessons of history and the story of aged care. We addressed State Capture, Regulatory Capture and other issues. We looked at what industry groups were doing and the consequences of the new regulatory complexity. It was intended to raise important issues and explain why we needed to address them.

We also wrote material for politicians whom we thought might be less locked into ideology:

- **The problem of ideology and what to do about it (July 2024)**

We wrote about ideology and explained it again. We described the stress that it is now undergoing as it is facing greater and greater challenge. We suggest ways of addressing this.

- ***Aged Care Act: Background and information for politicians (Part 1)* May 2024**

We look at some criticisms of the proposed Act. We summarize the strong criticisms that those writing in the IMF journal (*ECONOMICS How should it change? Quarterly Publication of the IMF - March 2024*) are making of the mainstream economists who are driving current market policy and ignoring the views of others. We refer to the work of the Rand Corporation. We include our criticisms of the Royal Commission as well as extracts of the many criticisms made by Professor Eager. We describe again how many are vacating the sector and note how Private equity and similar operators see this as an opportunity. They are buying again. We list major failures in the act. We describe the societal groups that are working to rebuild society and provide human services as a means of accomplishing this. We suggest changes.

- ***Aged Care Act: Background and information for politicians (Part 2)***

We describe what happened at the consultations with COTA and OPAN and how a number of groups could not agree with what was being proposed. These groups engaged separately and the Aged Care Justice Group developed a submission which this group all signed up to. We briefly quote from or summarize submissions made by others. We Comment on the COTA/OPAN submission and indicate why we are concerned about its impact.

- **Comment on the Feedback Report on the draft *Aged Care Act* --**

Submission to Department of Health and Aged Care

We wrote about the *“deep fear of community power embedded in this ideology”* and we comment that the consultations and the questions asked were all directed towards the wording of the act rather than its flaws. We expressed our concern that material was being filtered by KPMG. We listed five major issues. And the amendments that we wanted. We wrote about Social Science and critical thinking and what they suggest.

We also provide links to other material we have written and referenced above and to the Grattan Institute's November 2020 'Reforming Aged Care Plan' for aged care in which they incorporated our proposal for local community advisory groups and for a central advisory group representing them and their interests.

While we are clearly not infallible, we believe our arguments are sound and are based on extensive research and experience. In the past our predictions and warnings have generally been predictive of what was going to happen and we suggest they should be heeded.