Carbon Pollution Reduction Scheme

Catholic Health Australia response to the Green Paper

10 September 2008
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SUBMISSION TO CARBON POLLUTION REDUCTION SCHEME – GREEN PAPER

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I do not want this submission to be treated as confidential and/or anonymous, and I approve its publication in full.

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Executive Summary

Catholic Health Australia (CHA) represents the largest non-government grouping of not for profit health and aged care services in Australia. By way of summary response to the Green Paper we submit that:

- With our expertise in health and aged care, we are not necessarily qualified to comment on the proposed cap and trade scheme but we are committed to good environmental stewardship, and accordingly support the Commonwealth’s intention to implement a cap and trade scheme in response to overwhelming evidence of the adverse impacts of a changing climate;

- The proposed cap and trade scheme will result in adverse financial impacts on not for profit health and aged care service providers. There will in fact be adverse impacts on all not for profit organisations, and these impacts are not expressly acknowledged or addressed in the Green Paper. These adverse impacts need to be quantified and remedies adopted prior to the finalisation of the Commonwealth’s implementation of the cap and trade scheme;

- Existing Commonwealth programs that fund not for profit health and aged care services will need to be reviewed, and new funding levels determined in order for health and aged care services to be able to meet the general cost increases that are predicted in the Green Paper;

- New Commonwealth programs should be established to provide specific assistance to not for profit health and aged care services to implement sustainability initiatives.

CHA commends the Commonwealth for being one of the first nations in the world to propose the adoption of far reaching reform to address the dangers posed by climate change. Whilst not expert in climate change science, we endorse efforts to reduce Australia’s carbon emissions.

This brief submission in response to the Green Paper is an initial expression of the concern of CHA for the potential impact of the cap and trade scheme on CHA members and other not for profit bodies. We do not at this stage have an informed view of the extent of the likely financial detriment to not for profit agencies, as financial modelling has not yet been possible. CHA will in coming months seek to better understand the quantifiable impact of the cap and trade scheme on its members, and will be hoping to share these findings with the Commonwealth.

CHA seeks to see the cap and trade scheme succeed. If it is to succeed, the Commonwealth must give reasonable consideration to the impact it will have on the not for profit sector. To ignore the sector’s needs will be to disenfranchise a key ally in the fight against climate change.
Catholic health and aged services in Australia

CHA is a national peak membership organisation representing Catholic health and aged care providers.

Catholic providers comprise the largest non-government grouping of health and aged care services in Australia. Within the CHA membership there are service providers who manage:

- 9,500 beds across 21 public and 54 private health care facilities;
- 550 aged care services comprising 19,000 residential aged care beds, 6,000 retirement units, and 14,000 aged care or community care packages.

These services represent more than 13% of health and aged care services in Australia, and are operated by different bodies of the Catholic Church.
The need to assess impacts on not for profit bodies

As a body of health and aged care providers, CHA has no specific expertise or experience to be able to contribute to the construction of the proposed cap and trade scheme. Nor is it likely that any of our members emit more than 25,000 tonnes of carbon dioxide so as to be required to participate in the proposed cap and trade scheme.

Yet the Green Paper notes implications of the proposed cap and trade scheme for individuals, households, and businesses. It does not include consideration of the potential impacts of the cap and trade scheme on not for profit bodies, particularly those involved in health and aged care.

CHA recognises the Green Paper was perhaps not the place to give full consideration to the impacts of the proposed cap and trade scheme on the not for profit sector. Many within the not for profit sector, including CHA, welcome the Commonwealth’s efforts to tackle climate change as proposed in the Green Paper. Yet the financial impacts on the not for profit sector could be significant and should be both quantified and provided for in advance of the cap and trade scheme’s implementation.

With this in mind, we recommend a more considered consultation directly with not for profit health and aged care providers and all not for profit bodies prior to the Government’s adoption of its final position on the introduction of the cap and trade scheme. Our experience is that not for profit providers operate their services with very little ability to absorb cost increases of the type predicted in the Green Paper. Any additional flow-on cost burden resulting from the cap and trade scheme will adversely impact the delivery of health and aged care services.

CHA, as a representative body of 75 hospitals and 550 aged care services, extends an offer to the Commonwealth to assist in this consultation with not for profit health and aged care services so as to ensure wide understanding of the potential implications of the cap and trade scheme. We are also willing to be part of consultation with health and aged care providers in order to put in place appropriate financial arrangements to ameliorate the adverse financial impacts identified within the Green Paper.
Specific impact on health and aged care services

The Green Paper notes at page 24:

“*The introduction of the Carbon Pollution Reduction Scheme will result in changes to a wide range of prices, although the overall increase in the cost of living will be modest.*”

In noting the likely rise on prices, the Green Paper proposes to assist low income households through the tax and payment system in order that there be no adverse impact on the distribution of wealth and income within the community. We welcome this assistance, but are again not well qualified to comment on the effectiveness of the proposed measures on low income households.

The Green Paper also proposes specific assistance to “emissions-intensive trade exposed industries” (page 27), “assistance for businesses, regions, and workers” (page 26), and “strongly affected industries” (page 29). Within these provisions, the Green Paper does not suggest specific measures for not for profit bodies to respond to the general cost increases proposed to result from the adoption of the cap and trade scheme.

Accepting the Green Paper’s assessment that the cap and trade scheme will result in general cost increases, the Commonwealth should give consideration to how these cost increases will impact on the provision of health and aged care services.

At present, not for profit aged care facilities and not for profit public hospital services are funded by Commonwealth and State or Territory Governments to provide care to residents or patients. Not for profit private hospitals somewhat differently derive their revenue from reimbursement from private health funds. Common to all not for profit Catholic services is the limited capacity they have to absorb cost increases. With the Green Paper indicating the likelihood of general cost increases, there is concern within the Catholic health and aged care services to ensure the introduction of the cap and trade scheme does not result in the need to cut resident or patient services in order to meet flow-on costs of the proposed limits on carbon emissions.

A number of Commonwealth, State and Territory programs currently fund the provision of services in not for profit aged care and health services. CHA’s simple proposition is that all current funding instruments will need to be reviewed to give consideration to the likely flow-on impact of the cap and trade scheme on the adequacy of current funding levels. It is likely that all funding instruments will need to be adjusted to make allowance for general cost increases that the Green Paper suggests will occur as a result of the cap and trade scheme’s implementation. Ideally, this assessment will include all funding instruments of not for profit bodies involved in human service delivery so that community services will not be adversely impacted by the introduction of the cap and trade scheme.
The case for capital funding for not for profit bodies

The Green Paper proposes to establish the Climate Change Action Fund to assist business transition to a cleaner economy by funding capital investment in new low emissions processes; industrial energy efficiency projects with long payback periods; and dissemination of best and innovative practice among small to medium sized enterprises.

The Green Paper does not propose specific initiatives to help not for profit bodies to address their own environmental sustainability, but we acknowledge that the Green Paper may have intended to include not for profit bodies in being able to access the Climate Change Action Fund.

CHA proposes that specific Commonwealth programs be established to offer incentives and ability for not for profit bodies to address their own environmental sustainability. Recognising the limited capacity for not for profit bodies to fund process changes within their organisations, the Commonwealth is encouraged to support not for profit bodies to drive improvements in sustainability of their operations.

Options for specific financial assistance to not for profit bodies may include Commonwealth funding for:

- Sustainability audits;
- Design and implementation of Environmental Management Systems;
- Energy use reduction projects;
- Water use reduction projects;
- Training and support of new procedures favouring sustainable procurement; and
- Sustainability education of residents, patients, clients, and supporters of not for profit bodies.