

**LHMU Submission to the
Productivity Commission Inquiry
‘Caring for Older Australians’**

“People are dying of loneliness in aged care. Our workloads are so high. We just don’t have enough time for them.

In aged care we’re doing something for people who have spent their whole lives contributing. They’ve paid their dues, now it’s time to pay them back”

Kerri Anderson, Personal Carer, LHMU Member, Queensland

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Foreword – A workers perspective

Residential aged care workers, who are predominantly women, continue to provide the best quality care they can while struggling with low pay and part time hours.

Long term effects of low pay over a lifetime lead to poverty in old age, as low paid workers are unable to amass savings, have low superannuation balances and few assets. Increasing incidence of low pay in Australia due to a variety of factors has led to a growing contingent of the working poor.

Aged care workers in particular have been affected by the changing industrial landscape in Australia over the past 15 years. Firstly through individual contracts which lowered hourly wages, increased non full time employment and reduced penalty rates and secondly through the failure of enterprise bargaining to deliver decent wages. Whilst enterprise bargaining has been widespread and successful in some industries, the reverse is true in aged care. Many workers in aged care are reliant on award minimums and where bargaining has occurred the wage outcomes are only marginally higher than the award.

Whilst community expectations in relation to aged care and the provision of quality care grow, the relative wages and conditions of aged care workers are shrinking.

It is morally unjust that those in our society caring for older Australians are not afforded the pay and conditions the community would expect or the role deserves

Sue Lines
Assistant National Secretary
LHMU

Introduction

LHMU the Aged Care Union, welcomes this opportunity to present our Draft submission to the Productivity Commission inquiry “Caring for Older Australians”.

LHMU represents the majority of direct care and support workers employed in the residential and community aged care industry in WA, SA, QLD, ACT and the NT. Whilst coverage and titles may change slightly state by state the LHMU represents Enrolled Nurses, Carers, Personal Carers, Nursing Assistants and all Cleaning, Catering, Laundry staff and grounds staff. Two thirds of the workforce provide direct care and support to residents in aged care facilities.

The Australian population is ageing. Treasury predicted in its second *Intergenerational Report* that the 85 years and older cohort of our population will quadruple in the next forty years to represent 5.6% of the total population. It is estimated that by 2050 over 400,000 people will be residing in aged care facilities. The current set of planning, regulatory and funding measures that govern the aged care industry are not adequate. The result of this is that the industry is already struggling to deliver the quality care older Australians deserve.

LHMU aged care members are at the front line of this struggle. As such, they are well placed to comment on the issues and problems that they see every day. Our members have consistently spoken out that they are undervalued and their workplaces are understaffed. This situation means that our members struggle to deliver quality care. This care needs to be delivered by adequately trained and supported staff, who are given sufficient time to care for each resident.

This submission primarily focuses on the residential aged care workforce issues that our members believe contribute to the quality of care delivered to older Australians. These include wages, staff to resident ratios, qualifications, training and licensing.

In turn, LHMU recognises that aged care providers have spoken with a clear voice regarding the inadequacy of current funding and regulatory arrangements. Our members recognise that for workloads, remuneration and conditions to be improved, the industry will require changes to the funding structures currently available to aged care providers. Workforce issues do not sit in isolation from these broader issues affecting the industry. As a responsible stakeholder in the industry, LHMU supports investigation and examination into funding, regulatory and governance issues in aged care. Indeed, LHMU intends to examine these issues in conjunction with other industry stakeholders in preparation for the later stages of this enquiry.

Quality care for Older Australians

Older Australians are valued members of our community. They have contributed immensely to Australian society over their lives and are deserving of the highest quality of care.

No older Australian should struggle to find or afford the care they need. LHMU believes that quality aged care should be a basic entitlement for all Australians.

Older Australians deserve to be cared for by staff that have adequate time and resources to do their job.

Currently, the aged care industry is struggling. Residents are struggling to understand the decrease in quality of many facilities. LHMU members report that staff are struggling to keep up with increased workloads, demands and pressures. Aged care facilities report that they are struggling with inadequate funding.

LHMU believes that this enquiry needs to help restore the dignity of older Australians by increasing the quality of care available. We hope that the recommendations we have put forward will assist the Commission to do so.

Problems for employers in delivering quality care

In our introduction we noted that that aged care providers have spoken with a clear voice regarding the inadequacy of current funding and regulatory arrangements. In addition, providers have been extremely clear about the difficulties they face in attracting and retaining staff to their residential aged care facilities. With the expected expansion of the aged care industry to meet Australia's ageing population these staffing issues will only become more prominent. There is a significant, current shortage of direct care workers in residential aged care. Key contributing factors identified by academic research include:

- The demographics of the aged care workforce – 60% currently aged over 40 years and 13.5% aged over 55 years.
- A staff turnover rate of 25% per annum with a greater percentage of people working for less than one year than the Australian average.
- A low retention rate, with only 28% of direct care workers remaining at the same place of employment for more than 6 years.¹

¹ Martin & King, 2008.

LHMU strongly believes that these labour market issues reflect the concerns that our members express in feeling overworked and undervalued. Furthermore, the concerns of aged care workers and providers reflect the concerns of older Australians over the quality of care in residential aged care facilities. A lack of funding is placing pressure on providers who in turn are unable to offer decent wages to care staff. Poor wages and increasing workloads put pressure on staff who struggle to deliver quality care. The level of care offered to older Australians suffers. Staffing issues for employers, poor wages and conditions for aged care workers and the quality of care for older Australians are inextricably linked.

Workforce issues

The previous section of this submission outlined the connection between the delivery of quality care and workforce issues in the sector. Any changes to regulatory, funding or governance structures in the aged care industry - however well intentioned - will only be undermined if workforce issues are not addressed. Poorly remunerated and overworked staff cannot, even within an 'ideal' structure and with the best intentions, deliver quality care to aged care residents.

This section of our submission sets out our recommendations with regard to workforce issues, covering the following areas:

- Wages
- Staff to resident ratios
- Qualifications
- Training
- Licensing of personal carers
- Migration Employment Programmes

Professional Wages

"The worst is the pay. Personal carers are skilled workers; jacks of all trades. \$17 an hour isn't enough. It's not keeping up with the cost of living and nearly all the jobs are part time. It's really really difficult to live on the pay. There's no incentive to stay."

Monica Worrall. Personal Carer. LHMU Member. South Australia

It has been well documented that the major problem in attracting and retaining aged care workers is the poor rates of pay. This was noted by the Productivity Commission:

"The reason most commonly cited by employers experiencing difficulties in attracting and retaining staff in the aged care sector is the substantially lower remuneration of its employees compared with similar employment settings."²

This point was also made by the Senate Standing Committee:

"The difficulties in retaining aged care staff in a context in which the sector is unable to match let alone compete with the wages and conditions offered by other sectors was highlighted in evidence."³

² Productivity Commission, 2008: 144.

³ Senate Standing Committee, 2009: 46.

There have been a number of Government incentives to assist aged care providers to pay more competitive wages and to encourage participation in the aged care workforce. These include:

- \$211 million allocated over 4 years in the 2002-03 Budget
- \$877.8 million allocated over 4 years through the Conditional Adjustment Payment (CAP) in the 2004-05 Budget
- \$21 million allocated over 4 years in 2004-05 Budget under the *Support For Aged Care Workers* program
- \$6.9 million allocated in the 2009-10 Budget under the *Bringing Nurses Back into the Workforce* program.
- \$2 billion allocated through a 4 year extension of the CAP in the 2009-10 Budget.
- \$100 million allocated across three separate programs in the 2010-11 Budget: *Building Careers in Aged Care*, *Education and Training Incentive Payments for Aged Care Workers* and *Nurse Practitioners – Models of Practice Projects*.

Despite these initiatives wage outcomes in the aged care sector have not improved relative to other health care sectors and aged care workers remain amongst the lowest paid workers in society overall. Academic research shows that 56% of aged care workers are earning pay levels similar to the Federal Minimum Wage, compared to 41% among other industries.⁴ The Productivity Commission has previously found two major reasons for this:

- i. Firstly, that the additional funding is similar to funding increases in other health sectors. As wages in the aged care sector are already behind other health sectors increasing funding at the same rate does not allow for the increase required in aged care
- ii. Secondly, none of the funding increases required providers to direct the funding specifically to wages.⁵

We acknowledge the clear message from aged care providers – that they are under significant financial pressure and are not in a position to improve worker’s wages and conditions. An examination of three media releases from Rod Young, the CEO of the ACAA, shows the association consistently calling for increased funding from the Government to help improve wages in the sector:

“A reasonable wage for the people who undertake this important work is essential otherwise staff will leave and that will impact on the care that can be provided” (19 June 2009)⁶

⁴ Watson, 2010 (forthcoming)

⁵ Productivity Commission, 2008

⁶ ACAA, 2009 (b)

The ACAA “calls on the Government to fund aged care providers at a sufficient level to meet the real cost of wages.” (3 June 2010)⁷

The greatest pressure however is that on wages and conditions of personal carers. This has been recognised by numerous inquiries⁸, by employers, academics and workers themselves.

Academic research into labour markets within aged care reinforces the arguments of employers that action from the Federal Government is necessary to improve wages in the sector and consequently help employers attract and retain staff. Kaine has argued that “the Federal Government significantly influences employment relationships in the aged care sector” in three ways:

1. As the major source of funding for the industry.
2. As the major determinant of *how care work is performed* through regulation of quality through the accreditation process.
3. As the major determinant of the *value of tasks performed across the sector* via the different funding levels attached to different types of care.⁹

This research underlies LHMU’s central argument that reform by the Commonwealth Government is necessary to fix the structural problems in the sector that have led to poor wages and conditions for care workers.

Poor wages have been further exacerbated by inadequate indexation of funding. Basic residential care subsidies are indexed annually by the Commonwealth Own Purpose Outlays Index (“COPO Index”). This index is calculated as the sum of 75% of the Fair Pay Commission’s increase to the Federal Minimum Wage and 25% of the annual March CPI. Since the introduction of the Aged Care Act in 1997, there have only been four years in which the COPO Index has been equal or greater to the CPI.¹⁰ In June 2010, the Commonwealth Government announced a funding increase to aged care providers of 1.7% for the coming financial year.¹¹ This compares to recently released CPI figures which put annualised inflation for the quarter ending June 2010 at 3.1%¹²

LHMU believes this failure to fully index subsidies has resulted in sustained downward pressure on the wage levels of direct care and support workers, to the

⁷ ACAA, 2010

⁸ For examples See Hogan, 2004, Productivity Commission, 2008, Senate Standing Committee, 2009

⁹ Kaine, 2010 (forthcoming): 8-11

¹⁰ See the LHMU Federal Budget Submission 2010/11 for further details.

¹¹ ACAA, 2010.

¹² ABS, 2010.

extent that current wage levels are not competitive against other health and community care sectors.

It is essential that the Productivity Commission conducts a thorough examination of wages in the sector, for the benefit of older Australians, aged care providers and care workers. The successful delivery of quality care for older Australians depends upon a reformed wage structure providing professional wages to all aged care workers.

Recommendation

That the Productivity Commission investigate mechanisms to tying increased or alternative funding arrangements to fund professional wages.

Staff to Resident Ratios

In order to qualify for accreditation providers of residential aged care facilities must continuously comply with the expected outcomes set out in the *Quality of Care Principles 1997*. Outcome 1.6 of Schedule 2 of the Principles requires that “*there are appropriately skilled and qualified staff sufficient to ensure that services are delivered in accordance with these standards and the residential care service’s philosophy and objectives*”.¹³

There is strong evidence that the quality of care is highly dependent upon adequate direct care staffing levels. If staffing levels are not adequate then the quality of care is compromised, causing increased morbidity, reduced life expectancy, loss of mobility and increased mental and physical frailty of residents.

A Canadian taskforce on resident to staff ratios upon undertaking a literature review on the issues commented;

*“... studies yielded strong findings on the relationship between staffing and quality. The multivariate analyses, which used limited data from a few states, suggested that “minimum” staffing levels may reduce the likelihood of quality problems in several areas but higher preferred minimum levels existed above which quality was improved across the board.”*¹⁴

“The biggest problem is staffing levels. More staff would have a positive ongoing effect for aged care workers and for the residents.”

Kerri Anderson, Personal Carer, LHMU Member, Queensland

¹³ Quality of Care Principles, 1997. Schedule 2, part 1, 1.6

¹⁴ Nova Scotia Department of Health, 2002: 8.

Under-staffing in residential aged care facilities is a reality experienced every day by LHMU aged care members. A lack of staff puts pressure on workers, leads to physical and mental stress and most importantly, leads to a diminishing quality of care for residents.

As noted in this Union's submission to the Senate Standing Committee on Finance and Public Administration there has been a steady decrease in the relative size of the residential aged care workforce:

“The National Institute of Labour Studies’ October 2008 report Who Cares for Older Australians: A Picture of the Residential and Community Aged Care Workforce, 2007¹⁵ reveals a reduction in the size of the workforce relative to the number and dependency levels of residents. Between 2003 and 2007 the number of aged care places increased by 12.5%, the number of residents requiring high care increased 4.5% to 70% yet the full-time equivalent of direct care employees only increased by 11.9%.”

What does this mean for aged care staff? It means less staff working with more residents who have increasingly high care needs. A decline in the quality of care is inevitable.

Although Outcome 1.6 requires appropriately skilled and qualified staff sufficient to deliver quality care there are no mandated staff to resident ratios and there has been little research undertaken in Australia to determine appropriate staffing levels. Most States in the USA have mandated minimum staff to resident ratios. A US Congressional Report, *Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes Phase II Final Report*¹⁶ concluded that there was a strong relationship between staffing levels and quality of care.

“When I started we had 10 carers for 35 residents now it is one and a half carers for 16 residents. That’s why we need minimum staff to resident ratios. That’s the only way to ensure quality care and reasonable workloads,”
Rosmarie D’Rozario, Personal Carer LHMU member WA

LHMU recognises that determining appropriate staffing to resident ratios is complex and must take account of various factors including the staff skill mix, resident case mix, the facility's built environment, time of day, and location of the facility. There is sufficient overseas evidence supporting the proposition that quality of care outcomes

¹⁵ Martin & King, 2008.

¹⁶ Abt Associates Inc. March 2002. *Report to Congress: Appropriateness of minimum nurse staffing ratios in nursing homes; Phase II, volume 1.* Department of Health and Human Services. Washington, USA.

are significantly compromised if staffing ratios fall below critical levels. Despite this, there is a dearth of Australian research into staffing ratios currently applying in residential aged care facilities and the minimum staffing levels that are necessary to achieve acceptable quality of care outcomes.

Recommendation

That the Productivity Commission investigate and recommend introducing minimum staff to resident ratios. LHMU recommend that these ratios contain sufficient flexibility to account for the diversity of residential aged care facilities as well the needs of residents throughout the day.

Minimum qualifications

There are currently no required minimum qualifications in aged care. Despite this, reports from our members reveal a de-facto requirement to hold a certificate iii when applying for positions as personal carers. This is reflected in workforce statistics, with some 65% of personal care workers holding a certificate iii in aged care and a further 13.3% holding a certificate iv. In addition, around 19% of the workforce is currently studying. There are 23.7% who hold no post school qualifications.¹⁷

LHMU would argue for the introduction of a minimum certificate iv entry level qualification. While certificate iii may have been in the past an appropriate entry level qualification, LHMU believes the changing nature of care requires skills and knowledge consistent with a certificate iv.

The number of high care residents has increased significantly over the past few years such that currently some 71% of residents are classified in this category.¹⁸ High care residents have increasing dependency and frailty requiring greater levels of care with a follow on impact on workload and responsibility.

Furthermore meeting accreditation requirements imposes additional duties on personal care staff. A study of workplace training practises in the aged care sector found that;

“Managers..... also identified the importance of personal care workers understanding their role in maintaining quality and helping the facility to meet accreditation standards. Training was cited as a crucial step for workers to improve their skills in maintaining vital records and providing quality resident

¹⁷ Martin & King, 2008.

¹⁸ Productivity Commission, 2010: 13-16

care. Managers believed that, if industry is to provide quality care in the current changing environment, workers must possess generic 'employability' skills"¹⁹

The combination of a greater proportion of older, more dependent residents requires workers to have skills in areas beyond their expected skill set such as dealing with challenging behaviours and manual handling. Combining these skills with accreditation requirements lends itself to improved qualification levels among the personal care workforce.

Introducing minimum qualifications also serves to create career structures within aged care and improve retention. Certificate iv would enable staff to take on more complex personal care responsibilities as well as leadership roles.

Recommendation

That a minimum certificate iv in aged care be introduced across the industry. This introduction should be planned and implemented with wide consultation from, the current workforce, industry stakeholders and should take into account the needs of aged care residents. Options could include introducing minimum qualifications from a future date and grandfathering current employees or having a transitional or phase in period to allow for the upskilling of the current workforce. This recommendation works in conjunction with our recommendations around training and upskilling of workers.

Training

There is a need to develop real links between qualifications, ongoing training and rates of pay in aged care. This develops career structures and improves rates of retention.

Any introduction of mandatory minimum qualifications must be accompanied by processes to upskill the existing workforce. Existing workers including those without formal qualification have invaluable skills and experience that should not be lost from the industry. The existing workforce should have the opportunity to undertake formal qualifications or obtain qualifications through a recognition of prior learning process (RPL). Any RPL process should be tailored to the nature of personal care work and should not be more onerous than undertaking the formal qualification. RPL should include items such as 'on the job' observation, conversations with the worker, practical strategies to assist in the provision of evidence of competencies and not merely paper based assessment processes. Literacy support and other mentoring

¹⁹ Booth et al, 2005.

programs may also need to be a feature of providing opportunities to the existing workforce to gain higher qualifications.

An upskilling agenda should also include fee free places at TAFE or other quality Registered Training Organisations (RTO) to obtain a certificate iv. At the very least fee free places should be available throughout any phase in or transitional period for introducing minimum qualifications.

Recommendation

That industry specific RPL programmes and fee free places be made available to ensure the up skilling of current aged care staff without formal qualifications.

Licensing of Personal Carers

LHMU is opposed to the licensing of personal carers in aged care. Licensing of personal care workers would add additional administrative burdens on the aged care sector without significant gain.

Stakeholders in the aged care industry believe that a licensing system will ensure increased standards of care, thereby protecting residents and promoting their safety. LHMU recognises the concerns of stakeholders over the quality of care. However, we believe that investment in training and qualifications of aged care workers is a more nuanced, effective mechanism than simplistically requiring a licensing system.

Licensing systems also imply that sanctions would apply or action can be taken against those licensed. There is a risk in this that individual workers carry the burden and responsibility of service provision issues beyond their control that are best placed to be the responsibility of the aged care provider. There are currently legal means by which to sanction individual behaviour that is criminal or negligent. Further sanctioning only serves to shift the responsibility from aged care providers to individual poorly remunerated overworked staff.

Promoting quality care, as discussed in the introduction to this submission, is a complex task involving wholesale structural changes to our current aged care system. We believe that promoting the workforce initiatives we have recommended in this submission will better tackle stakeholder concerns that have led to calls for a national licensing system for personal carers.

Recommendation

That the Commission recommend that no licensing system be introduced for personal carers.

Migration employment programmes

We have highlighted earlier in this submission the concerns of aged care providers in attracting and retaining sufficient staff to meet a growing demand for services. In light of the recognised shortfall in caring staff, many providers are understandably looking to migration programs as a solution for their labour problems. LHMU believes that attracting migrant workers is not a panacea for workforce issues in the industry. The priority for both the Federal Government, the primary funder of aged care, and aged care providers should be to improve the quality and status of jobs within the industry, helping to attract and retain the local workforce. Aged and Community Services Australia, a national peak body representing over 1100 Church, Charitable and Community based aged care organisations, noted the following in a scoping paper on migration employment programmes:

“Overseas workers should not be seen as a long term solution to the workforce

dilemmas....industry resource needs to continue efforts to attract more local workers into the aged care sector, remove pay differentials.....,improve training, develop career paths, promote innovation and efficiencies to lighten workloads, encourage family friendly work environments and develop our leaders”²⁰

Reliance on migration to address shortages can reflect a reluctance of employers to both provide wages and conditions to attract locally skilled employees as well as to invest in training and other labour market strategies to attract workers.

If any aged care specific migration program is to be established it must not be used as a safety valve to prop up an under funded, under resourced Australian industry. Any program must contain the following features:

- Conditions that employers and industry continue to work towards improving their capacity to compete in the local labour market.
- Strict regulation and an enforceable monitoring system.
- Protections that provide conditions and wages to migrant workers equal to those of local employees.
- Links to training and real skill acquisition.

²⁰ ACSA, 2008.

- Recognition of social implications of the migration experience and measures that seek to address social issues that may arise.

Recommendation

That the Productivity Commission recognise that migration programmes should not be used as a stop gap to prop up an under resourced industry. Migration programmes alone will not fix current workforce issues which need to be addressed before any migration programmes are considered . In addition, we recommend that the Commission recognise that any migration employment programmes contain sufficient safety nets to ensure equitable treatment of workers.

Conclusion & summary of recommendations

LHMU members believe that this is a timely opportunity to address serious and structural workforce problems within residential aged care. The aged care workforce knows that their ability to deliver quality care depends upon reform of the industry. LHMU members believe that reforms should only be implemented with the widespread support of all industry stakeholders including providers, consumer groups and workforce representatives.

In summary, our recommendations to the Commission are the following:

- **Wages:** That the Productivity Commission investigates mechanisms to tying increased or alternative funding arrangements to fund professional wages.
- **Minimum qualifications:** That a minimum certificate iv in aged care be introduced across the industry. This introduction should be planned and implemented with wide consultation from, the current workforce, industry stakeholders and should take into account the needs of aged care residents. Options could include introducing minimum qualifications from a future date and grandfathering current employees or having a transitional or phase in period to allow for the upskilling of the current workforce. This recommendation works in conjunction with our recommendations around training and upskilling of workers.
- **Staff to resident ratios:** That the Productivity Commission investigate and recommend introducing minimum staff to resident ratios with an emphasis on care workers. LHMU recommends that these ratios contain sufficient flexibility to account for the diversity of residential aged care facilities as well the needs of residents throughout the day.
- **Training:** That industry specific RPL programmes and fee free places be made available to ensure the up skilling of current aged care staff without formal qualifications.
- **Licensing:** That the Commission recommend that no licensing system be introduced for personal carers.
- **Migration programmes:** That the Productivity Commission recognise that migration programmes should not be used as a stop gap to prop up an under resourced industry. Migration programmes alone will not fix current workforce issues which need to be addressed before any migration programmes are considered. In addition, we recommend that the Commission recognise that any migration employment programmes contain sufficient safety nets to ensure equitable treatment of workers.

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