

Inquiry into Caring for Older Australians
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

INQUIRY INTO CARING FOR OLDER AUSTRALIANS 2010

**Submission to the Productivity Commission by the Health Services
Union Tasmania, No.1 Branch (Trading as Health and Community
Services Union - HACSU).**



Background

The Productivity Commission during 2010 and 2011 is undertaking an inquiry to develop new options for the operation of the aged care system. The Commission has advised that this inquiry will deal with the following areas;

- examine the social, clinical and institutional aspects of aged care in Australia, building on the substantial base of existing reviews into this sector
- address the interests of special needs groups
- develop regulatory and funding options for residential and community aged care (including the Home and Community Care program)
- examine the future workforce requirements of the aged care sector
- recommend a path for transitioning from the current regulatory arrangements to a new system that ensures continuity of care and allows the sector time to adjust
- examine whether the regulation of retirement specific living options should be aligned more closely with the rest of the aged care sector
- assess the fiscal implications of any change in aged care roles and responsibilities.

The Health Services Union, Tasmania No 1 Branch (HACSU Tasmania) specifically aims to address the issue of the future workforce requirements of the aged care sector, and to examine the impact on the workforce of both current and future funding arrangements.

Executive Summary

HACSU Tasmania holds the following position in relation to the issues facing the Aged Care industry;

- The current funding regime has led to reductions in staff hours. Staff reductions are a significant and ongoing feature of the residential aged care industry.
- Appropriate staffing ratios should be introduced implementing an appropriate skill mix. Staff to resident ratios should be considered and should be determined in appropriate legislation.
- Skilled and qualified staff are difficult to recruit and retain primarily as a result of low wage levels in the sector. Funding for wage increases should not be indexed according to CPI as CPI does not adequately compensate employers for additional costs associated with wages increases, this should be indexed against a more appropriate instrument.
- As a result of difficulties in attraction and retention of staff, current wage rates in aged care should be increased in line with the skill and responsibility of the roles performed. Workers in every occupation in aged care can earn more undertaking either similar or identical in industries such as public health.
- Sustainable recurrent and capital funding is required to provide certainty to service providers to allow them to plan for current and future services.

Introduction

The Health Services Union Tasmania Number 1 Branch (HACSU Tasmania) covers workers in all areas of health and community services in Tasmania. HACSU is Tasmania's largest union, with almost 8000 members in all settings in health and community services.

HACSU Tasmania covers aged care workers in both residential and community care settings in Tasmania. HACSU Tasmania's membership in aged care is around 2500 members in all occupations, and this membership is evenly spread geographically. HACSU Tasmania takes the view that Aged Care is not provided by any particular occupation but jointly by all workers at a facility or in a community care setting.

The predominant occupation in aged care in Tasmania is an Extended Care Assistant (ECA) or Personal Care Worker (PCW), with well over 50% of the workforce being made up of personal care workers. In the provision of aged care in a community setting, the personal care workforce constitutes a far greater number of the workers in Community Aged Care.

Personal care staff are employed as care assistants, extended care assistants, personal carers, personal care workers or support workers. These workers exist throughout the health and community services industry, and work in areas such as hospitals, aged care, disability services, community services and medical practices, however the majority of personal care workers are in the aged care industry.

Background

There are several types of Aged Care provided in Tasmania. Community Based Care, Residential Aged Care both high level and low level care, independent living units and aged care that is directly provided in hospitals or other public services.

Community based care consists of programs that help older Australians with daily living activities that are difficult for them to manage on their own. The Home and Community Care program (HACC) and Community Aged Care Packages (CACP) are two such programs.

HACC services aim to meet basic needs to maintain independence at home, and includes community nursing, domestic assistance, personal care, meals on wheels, home modification and maintenance, transport, and community-based respite care.

Extended Aged Care at Home (EACH) and Extended Aged Care at Home Dementia (EACH D) provides services for high-level care needs at home.

There are two types of residential aged care in Australia – high-level and low-level care.

High Care residential facilities offer 24 hour nursing care, suitable for people who are physically incapacitated or have severe dementia or behavioural problems

Low care residential facilities are for people who require some level of assistance, but are able to move about independently.

Independent living units are primarily for people who are independent but in some cases require services such as laundry, cleaning, meals and low level personal care.

There are 92 separate residential facilities in Tasmania including residential aged care homes, multi-purpose centres, hostels and independent living units. There are around 16 separate organisations that specifically provide community based care, although a number of residential facilities also provide community based care services.

The Aged Care Workforce in Tasmania

The Aged Care workforce in Tasmania is split primarily between the following different Occupations;

- Personal Care Workers
- Support Staff
- Registered Nurses
- Enrolled Nurses and
- Allied Health Professionals

The following attributes are shared by aged care workforces around the country;

- the overwhelming majority of care workers are female
- many are aged 45 years and older
- care work is frequently part-time and often pays at or near the minimum wages
- instability in occupation
- poor training opportunities
- lack of clear career paths and
- poor industry image

These are all identified as both characteristics of aged care work and drawbacks to staff recruitment.

The Aged Care Industry was Australia's ninth largest employer in 2005 and has continued to grow. Despite a lack of readily available figures, between residential care staff and community care staff, there are an estimated 6000 workers in aged care in Tasmania.

The majority of workers in Aged Care are covered by awards or enterprise bargaining agreements that in effect replicate the conditions that are provided by awards. In community based care, a slightly different scenario applies, as the modern award wage related matters do not apply in this industry until after the conclusion of the Equal Remuneration Case currently proceeding in Fair Work Australia.

The impact of modern awards on the Aged Care workforce in Tasmania is enormous. Despite the financial impact only commencing on 1 July 2010, there are a number of conditions in the modern award that provide for significant differences to the previous state award applying to Tasmanian aged care employees, which are adversely affecting employees. Because of the pressures of funding, employers are aggressively pursuing all modern award conditions as they see it as a way of reducing costs.

The Workforce Crisis

The workforce crisis in Aged Care has developed due to the disparity in wage levels between employees in the aged care sector and those in the acute care sector. Carers in aged care are paid less than their counterparts in the acute hospital sector, both public and private. Workers in Community and Disability Services, where direct comparisons can be made in relation to funding sources, currently earn similar amounts to aged care personal care workers. The workers in Community and Disability Services have currently embarked on a case for pay equity due to the inadequacies of their wages.

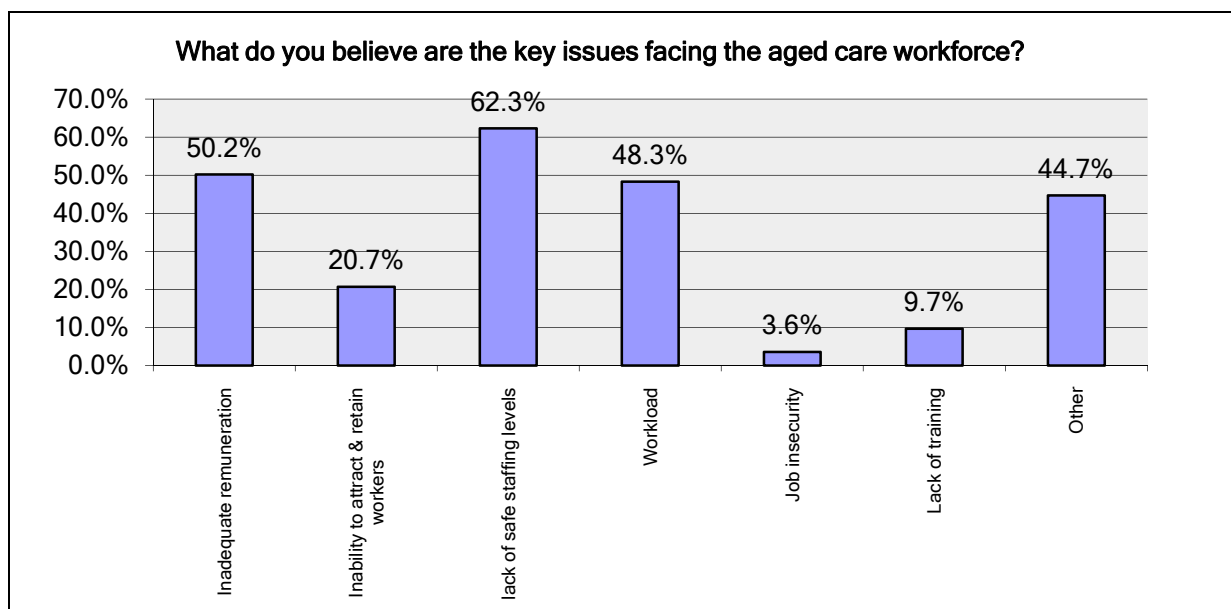
Aged care workers are forced to rely on minimum wage increases awarded by Fair Work Australia as genuine enterprise bargaining is difficult. Aged Care organisations rely heavily on Government funding to fund any increases to pay and conditions for employees. It is not infrequent that the Government funding indexation does not adequately cover increases granted by Fair Work Australia.

As a result of funding pressures there is limited capacity to negotiate pay rises through enterprise bargaining in the aged care industry in Tasmania. Unless homes receive increased funding that reflects realistic wage increases, these workers will continue to fall behind in their wages.

Frequently, Government funding for wage increases is less than the actual increase awarded to workers by Fair Work Australia. This year, the wage increases awarded to workers in Aged Care by the Fair Work Panel of Fair Work Australia was \$26.00, or approximately 4.1%. Funding for wage increases was not increased by 4.1%. Given that wage costs are about 70% of total costs, it is little wonder that aged care services are struggling.

Matters such as staffing levels and job satisfaction are consistently reported by our members who work in the aged care industry as major issues for them and the residents they are charged to provide care.

In June 2010 HACSU surveyed more than 300 aged care members in the industry. The results showed that almost half of the workers in the industry are working unpaid overtime on at least a weekly basis, simply to try and get the job done. Respondents were asked what they believed the key issues were facing the aged care industry. Their responses are below;



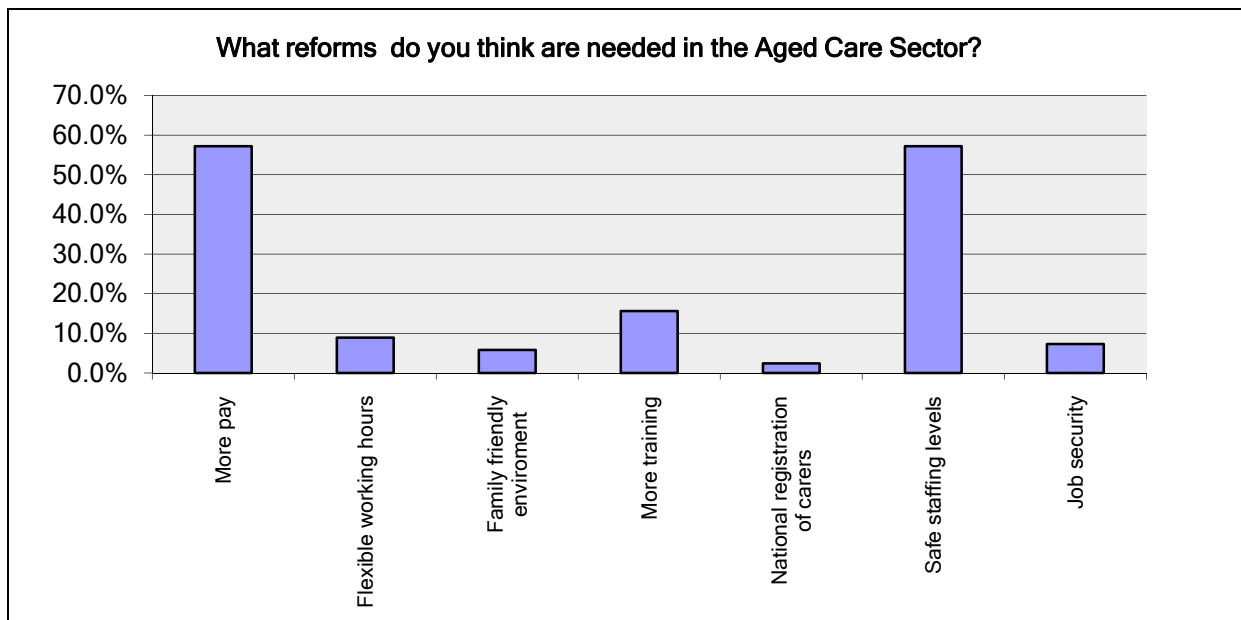
Overwhelmingly, the results indicate that employees are facing higher workloads with fewer staff to do the work. There is not enough time to spend with residents, and workers are struggling to get through their workloads, let alone spend time improving the quality of life of residents.

This in turn leads to lower job satisfaction and reduced morale, and a less personal touch in the care of the residents.

The morale and commitment of staff will continue to decline as workloads increase and pressure builds on staff to do more with less.

Resolution of the Crisis

HACSU members were asked what reforms they believed were needed in the aged care sector to deal with the workforce crisis, and overwhelmingly their responses were in relation to safe staffing levels and increased remuneration. The responses are below;



HACSU recommendations

The following recommendations were developed as a result of interviews with members and ongoing member responses to surveys;

Appropriate staffing ratios should be introduced implementing skill mix changes and staff to resident ratios and these ratios should be legislated.

Skill mix ratios are essential to ongoing appropriate care levels. It is important to recognise the increased number of high needs residents and staff appropriately.

Ratios must be legislated to ensure that there is a suitable assessment tool to review care levels in the sector.

Skilled and qualified staff are difficult to obtain due to low wage levels in the sector, wage levels should not be indexed according to CPI, but should be averaged across the entire health sector.

The Federal Government provides increases to the aged care sector for wage increases that are not based in reality. At a bare minimum, to remain competitive, the wage increases need to be based on the average figure of wage increases across the entire health and community services sector.

Alternatively, the Federal Government should be encouraging enterprise bargaining in the sector by allowing wage increases to be funded up to a certain level on production of a registered agreement. There is currently no requirement on operators to spend any of the government funding on wages.

Wage rates in aged care should be increased in line with the skill and responsibility of the roles performed. Workers in every occupation in aged care can earn more if they work in industries such as public health.

Base rates need to be adjusted in this sector to recognise the skill and responsibility of the workers concerned.

Aged Care nurses earn on average about \$300 a week less than their colleagues working in other areas of the health system. Yet they have undertaken the same training and education and have equivalent nurse qualifications, experience and workloads as public sector nurses. Similar stories exist for other professions across the sector, the roles that workers are performing are identical across areas in health services, however the areas that are reliant on Federal Government funding are remunerated at a far lower level.

This disparity in wages makes it increasingly difficult to attract sufficient and suitable staff to the sector.

Sustainable recurrent and capital funding is required to provide certainty to service providers to allow them to plan for current and future services.

A level of recurrent funding for capital works is necessary to ensure that providers can plan for the future and to ensure that there is not competition between funding for operational purposes such as staffing and funding for capital expenditure.