



29 July 2005

Robert Fitzgerald  
Commissioner  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Commissioner Fitzgerald,

### **HEALTH WORKFORCE STUDY**

Aged & Community Services Australia (ACSA) has reviewed the Productivity Commission Issues Paper *The Health Workforce* which canvasses a range of issues and proposes some possible solutions. This examination of the health workforce will be extremely important in determining long overdue action and reform.

Nearly all of the issues raised in the Issues Paper resonate with the experience of aged care services and their workforce. ACSA urges the Productivity Commission to actively consider these issues as they relate to health care generally but also to ensure that the specific characteristics and requirements of aged care services are not overlooked or subsumed.

The Issues Paper identifies a range of workers in health service industries and acknowledges that this industry includes aged and community care. Aged care – either in a residential or community setting – provides health care and supported/assisted living support to older people in Australia. This means that aged care is part of a broader health and care system and also distinct from it. Health care provision in aged care has a focus on the clinical aspects of care such as medication management, wound care, falls prevention, management of chronic health conditions and mental health issues. It occurs generally in a context of long-term care rather than in discrete episodes which is the norm in traditional health settings.

The aged care workforce is predominantly nurses and personal care workers which means that it shares the labour market with the broader health care industry. The current national shortage of Registered Nurses is proving very difficult for aged care and the model of care, particularly high level residential aged care, is predicated in their availability. Nurses can obviously work across different health care settings and aged care fares poorly in comparison to the acute care sector.

This is largely due to a wage differential and the perceived value or prestige of working in aged care. Even on a conservative estimate wages in acute care are 12%<sup>1</sup> higher (on average) than in residential aged care. Current funding for aged care does not enable this wages gap to be closed.

In addition pressure for wage increases is driven by increases in other health care settings but aged care can ill afford them due to the different funding regime applying to our sector. These flow on effects need to be considered in reforming the broader health care system.

While we don't argue that the pay must be exactly the same for aged care nurses (given that their work is different to hospital based nurses) there should be some similarity in payment for nurses regardless of their employment setting. Aged care employers must be able to compete in the broader health labour market.

The skills mix for aged care needs to be actively considered in this study. There are not enough nurses available to continue indefinitely with current models of care. While the issue of skills mix is canvassed in the paper in a general way it would be appropriate for it to be considered as an issue in the specific context of aged care as well as in other care settings.

ACSA is the leading national peak body for aged and community care providers and represents over 1,200 church, charitable and community-based organisations providing housing and supported accommodation, residential and community care services to around half a million older people, younger people with a disability and their carers.

If you have any queries please do not hesitate to contact me on (03) 9686 3460.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Greg Mundy', with a long horizontal line extending from the end of the signature.

**GREG MUNDY**  
**CHIEF EXECUTIVE OFFICER**

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<sup>1</sup> Financial Implications of Caring for the Aged, Allen Consulting Group, 2002