



PRODUCTIVITY COMMISSION ENQUIRY INTO NURSING HOME SUBSIDIES

Australian Nursing Federation (Vic Branch)

Outline of Presentation at the Public Hearings

18/11/98 (Melbourne)

The Australian Nursing Federation (Vic Branch) represents the interests of more than 30,000 nurses in Victoria.

ANF members across all sectors, but particularly those working in residential aged care services are increasingly disturbed by the trend of reducing levels of qualified registered nursing staff, reducing care hours, deregulation of funding and reduced resources provided by government towards the management and monitoring of nursing homes, particularly up to accreditation.

The nursing profession and the Australian Nursing Federation (Vic Branch) are committed to working With Government and other industry stakeholders towards measures which improve the quality and viability of the industry and ensure that our elderly have access to a range of care choices and service provision acceptable to them and their carers.

The Australian Nursing Federation (Vic. Branch) believes that the Victorian industry is on the brink of crisis. If problems facing the Victorian industry are not addressed as a matter of urgency, the shared goals of a viable, quality residential aged care industry appears increasingly remote.

The Australian Nursing Federation (Vic Branch) trusts that the Productivity Commission will continue to carefully examine the complexity and depth of issues confronting the Victorian industry.

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1. Introduction

The ANF (Vic Branch) believes that the Productivity Commission's enquiry provides stakeholders in the Residential Aged Care Industry and government with a unique opportunity to re-shape the funding system and provide greater equity, better care standards across the states and a viable industry into the future. The ANF's perspective on the Victorian Residential Aged Care industry is of an industry which is on the brink of crisis. For the last three years and particularly in the last 12 months, the ANF has observed many facilities in difficulty as a result of insufficient funds, inability to cope With changes in government requirements and lack of direction and support in planning for the future. Despite the best intentions of many in the industry, some nursing homes, their residents and staff face an uncertain future, this making positive cam outcomes difficult.

The ANF has observed a Victorian industry wide reduction in care hours, particularly cam hours delivered by experienced Registered Nurses Division 1 and Enrolled Nurses Division 2. These observations are substantiated by a recent ANF survey which was provided to the Productivity Commission in the ANF's primary submission.

The ANF is also concerned that a minority in the industry have not had proper regard for the rights and well being of their residents, the concerns of relatives and carers or the entitlements of staff. The number of homes of concern in Victoria remains too high. An undesirable consequence of positive initiatives to improve the physical infrastructure of the industry is that residents are being left in substandard accommodation wit dwindling care, and an uncertain future, others are being relocated and charged new fees without adequate opportunity along with relatives and carers to make informed decisions about the options available. Long term stag are finding that their accrued entitlements or outstanding wages are lost because their employer is in financial jeopardy or has made decisions to use funds for other purposes which should have been designated for payment of staff entitlements.

It has also become apparent that a significant number of employers have lapsed in making their superannuation contributions.

1.1 Key Issues Overview - Residential Aged Care Services provides sub-acute care

The Productivity Commission has highlighted the importance of the funding system maintaining equity of access and quality of aged care as key goals. The ANF (Vic Branch) Wishes to highlight the role of residential aged care within the context of the broader health, aged care and community services systems and the efficiencies that have been achieved in health and community services as a result of the expanding role played by nursing homes and hostels over the last five to ten years.

1.1.2 Directions in acute care such as case mix funding, budget reductions and bed and service closures have resulted in far shorter hospital stays and difficulties for older people in accessing hospital and other forms of care and support.

Post and sub acute care which five to ten years ago would have been provided in a hospital or rehabilitation service is now being provided by residential aged care services. This trend has resulted in massive savings in other sectors, but has not been recognised in funding for residential aged care services.

The complexity and level of care now being provided in nursing homes warrants government monitoring requirements for the maintenance of minimum levels of qualified registered nursing staff.

1.1.3 The Victorian industry cannot maintain let alone improve care standards whilst rates of pay offered for qualified registered nursing staff are so far behind the rates of pay received by nurses in all other sectors, The pay gap will be 18 - 20% by the year 2000 if the government does not take action.

This is a critical issue as the industry is not able to recruit and retain qualified registered nurses and the problem is worsening.

The latest figures from the Nursing labour force (AIHW) 1995 shows that Victoria lost the following nurses from its Gerontic workforce.

1994

RNs	6,122 or 14.7% of workforce
ENs	<u>9,465</u> or 53.4% of workforce
	15,587 Nurses

1995

RNs	5,657 or 14.3%
EN's	<u>7,678</u> or 54.2% of workforce
	13,335

= loss of 2,252 nurses in 12 months

The ANF will present evidence to the Commission that this massive erosion of the Nursing Workforce will lead to serious shortfalls in standards outcomes for residents.

We will also endeavour to show the Commission that the complex nature of Gerontic Nursing requires a stable, qualified and experienced workforce.

1.1.4 The Productivity Commission paper does not sufficiently explore the way wage rates in various sectors have developed. For example, preliminary proposal 3 appears to distinguish between nursing wage rates in the 'Aged Care Sector and the "Acute Sector". Wage rates in public and private acute and public aged care will be 18 - 20% ahead of wage rates in the private residential aged care sector. Nurses working in public residential aged care in Victoria earn the same rates of pay as their colleagues in public and private acute hospitals, The ANFs contention is that nurses in private or not for profit residential aged care should be remunerated in line with their colleagues.

The ANF is concerned that an explicit, or even implicit acceptance of a disparity indicates that government and the community does not value those qualified registered nurses providing care for the elderly, or considers their work to be of lesser value and complexity than their colleagues in the public sector and private acute sector. The ANF does not believe this is the Productivity Commission's intention.

It is noted that nurses working in residential aged care undergo lengthy training and qualifications specific to Gerontic Nursing. Their work is physically hard, requires more complex nursing skill, carries more responsibility with less resources and longer hours of unpaid overtime than in any other sector of nursing work. Far from being recognised for this work, Victorian nurses in residential aged care are witnessing a trend which gives licence to the idea that it is acceptable for older people to be cared for by persons without any or any adequate training or qualifications.

2. Preliminary Response to Productivity Commission Proposals

Proposal 1

The ANF refers to the recommendations in Its original submission to the Productivity Commission Enquiry. The ANF notes conflicting views and varied information given to the Commission regarding costings in various states. The ANF (Vic Branch) remains concerned that a proposal to move to a nationally uniform basic subsidy rate does not take account of the variance in labour and other costs.

Further, the Productivity Commission needs to acknowledge the relative efficiencies and cost structures across the whole of aged care service provision within a particular state and compare this to other states if true equity is to be achieved.

The ANF welcomes a proposal to end the program of coalescence but believes more extensive studies need to be done to ensure funding is fairly distributed and that after distribution residential aged care services providers have sufficient funds to delivery quality outcomes.

Proposal 2

The ANF (Vic Branch) agrees with the second proposal.

Proposals 3 and 4

The ANF (Vic Branch) believes that the concept of "benchmarking" care requires careful consideration and research, The notion of an "efficient sized facility" or an "average input mix" needs to be carefully considered and explained. It needs appropriate professional research underpinning the concept.

These notions should not disregard the range of good services provided across facilities of varied size and location. It should also recognise that capital investments have been made in the past based on government policy directions regarding the size of facilities. To review the governments preferred "size" of facilities and set funding accordingly could result in extremely unfair outcomes. For example, State Geriatric Facilities have been decanted out to 30 bed homes over the past 10 years now to find they are "an inefficient size".

The ANF prefers the notion of quality indicators backed by clearly measurable outcomes. We would prefer to focus on notions of optimal facilities and optimal input mix so that the industry is supported to achieve the highest quality outcomes, not average outcomes.

The ANF reiterates its comments above regarding nursing wages rates. The creation of a disparity for nursing wages rates between the aged care sector and the acute sector is creating "Nursing" in the aged care sector as an employment "ghetto" and will diminish the standards of care that the industry is able to achieve.

The ANF (Vic Branch) embarked on a campaign of enterprise bargaining over a period of 18 months. Only one nursing home proprietor has elected to pursue the process of enterprise bargaining. The remainder of the Victorian residential aged care industry maintains that it is unable to afford an Increase in the rates of pay for nurses whether or not nursing staff have increased workloads. Regardless of the fact that nursing staff are not being recognised for increases in efficiency or productivity, the industry has claimed significant efficiencies from its nursing staff. Because of the industry's stated inability to provide realistic recognition of increases in efficiency and productivity, the ANF recently initiated proceedings in the Australian Industrial Relations Commission to ascertain whether or not the Commission is able to arbitrate on nurses rates of pay in Victoria under the Workforce Relations Act 1996. An application by the ANF to "terminate bargaining periods" across Victorian nursing homes was heard in the first half of September 1998. We are currently awaiting a decision. The question of funding for a pay increase remains a critical issue for the ANF and the Victorian industry.

The Commission is asked to note the following:-

The ANF (Vic Branch) is able to demonstrate the increase in nursing workloads resulting from reductions in nursing staff and Increasing requests from nursing home providers for nurses to carry out non nursing duties such as laundry, cleaning and catering.

Where residential aged care service providers are genuinely trying to achieve accreditation, it is generally the nursing staff that are required to put in extra hours of work and training to achieve this end. The ANF and its members remain committed to these outcomes but wish to stress that the work is being led by nurses - often on an unpaid basis.

The residential aged care industry by its very nature means that there is [little prospect of replacing employees with equipment or advanced technology. Even if there was limited scope, this is not necessarily desirable when residents require socialisation and humane contact.

The goal of continuously improving quality and access are not necessarily consistent with continually reaping efficiencies or delivering cost savings.

The Victorian Industry has not shown a capacity to share the gains of increased productivity with their nursing employees.

The ANF wishes to stress the Increasing dependency and complexity of resident profiles. We also wish to stress the changing role of nursing homes and hostels which are picking up the burden of changes in the health and community services system which is not being recognised through funding.

As the complexity of care needs has increased, residential aged care services need to be supported and required to employ sufficient qualified nursing staff who are able to administer complex care regimes and other associated therapies.

The ANF will refer to data to support its contentions in its final written submission.

The Australian Nursing Federation (Vic Branch) believes that the notion of a productivity discount in the residential aged care sector is not sustainable given the complexity of issues referred to above.

Finally, the ANF notes that the Tri Care agreement has been criticised widely across the industry for its treatment of qualified registered nurses. It is also noted that wage increases referred to in the agreement appear to be funded through the cutting of other conditions of employment.

The Australian Nursing Federation (Vic Branch) do not believe that the tri care mode[is appropriate for the residential aged care sector nor would deliver the desired outcome of continuous improvement.

Proposals 5 and 6

The Australian Nursing Federation (Vic Branch) agrees.

Proposal 7

The Australian Nursing Federation (Vic Branch) believes that workers compensation, superannuation and the accrued entitlements of staff such as long service leave should remain a discreet area of funding for which employers are required to account. Residential aged care service providers are in receipt of large sums of tax payers funds. The government should ensure that basic items such as workers compensation premiums, superannuation contributions and the accrued entitlements of staff are protected for their essential purpose.

With respect to the matter of accrued entitlements, the ANF believes that the residential aged care sector should carefully examine the example of the fund established by the building industry which secures the accrued entitlements of employees of that industry and enables portability between employers. In an industry such as the residential aged care sector which is struggling to maintain and recruit experienced qualified staff, this type of fund would be of major benefit.

Proposal 8

The ANF notes that Victorian public sector nursing homes are bound by enterprise agreements which require them to pay significantly higher rates of pay across nursing and environmental staff compared to their private and not for profit counterparts. The problem would be assisted if the government would support increased subsidies for private and charitable residential aged care services providers to enable them to match the rates of pay provided in the public sector. What does the Commission mean by this proposal.

Proposal 9

The ANF believes this concept requires further discussion and examination. For example, a whole range of services may require special needs funding, not just rural and remote services. This may include services that cater for residents from indigenous or ethnic backgrounds, residents with dementia, homeless persons etc.

Proposal 10

The ANF strongly believes that there must be a requirement for providers to account for subsidies received. The ANF believes that expenditure at least needs to be made transparent and available to government, residents and the community. This could be achieved by quarterly published financial statements as suggested by ANF (South Australia). The ANF has also suggested other measures in its primary submission.

Proposal 11

The ANF agrees.

Proposal 12

The ANF is concerned by this proposal and believes extensive consultation should occur with consumer organisations before any decision is taken.

Proposal 13

The ANF agrees that basic subsidy rates for low subsidy states needs to be addressed. However, the ANF (Vic Branch) stresses that the Victorian industry is on the brink of crisis. The residential aged care subsidy rates in Victoria need to be considered in light of the fact that the Commonwealth spends less overall than the national average on provision of aged care services for the Victorian elderly, the Victorian residential aged care sector is relatively underbedded and wage rates have the greatest disparity of any state. The residential aged care plays a critical role underpinning state hospitals, rehabilitation and other services which have undergone massive changes and rationalisation particularly in the last five to six years. Victorian subsidies must be indexed as a matter of urgency, the industry will not be able to sustain care standards given the rapidly declining skills mix in this state.