



CATHOLIC HEALTH  
Australia

## Catholic Health Australia

*Submission to Senate Community Affairs Reference Committee  
Inquiry into the Future of Australia's Aged Care Workforce*

March 2016

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### Catholic Health Australia

Catholic Health Australia represents Australia's largest non-government grouping of hospitals, aged and community care services, providing approximately 10% of hospital and aged care services in Australia, including around 30 % of private hospital care as well as around 5% of public hospital care.

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## Summary of recommendations

### Future aged care workforce requirements

*Recommendation 1: That the Aged Care Workforce Census and Survey be supplemented by sample surveys conducted on a more regular basis.*

### The interaction of aged care workforce needs with employment by other sectors

*Recommendation 2: That measures such as the Primary Health Networks continue to be encouraged and supported to facilitate greater collaboration at the local level between aged care providers and the other health sectors.*

### The role of government

*Recommendation 3: Any sector-wide strategy for ensuring the availability of a skilled aged care workforce must be based on a clear and agreed understanding of the relative roles of government, employers and the individual.*

### Government policies at the state, territory and Commonwealth level

*Recommendation 4: Prices set for aged care services should be market-based in order to enable aged care services to compete in the labour market, while enabling reasonable rates of return to justify continued investment in aged care services.*

*Recommendation 5: That the Australian Industry and Skills Committee, which is the national body responsible for overseeing the national training system, be required to monitor and publicly report on the effectiveness of the new training arrangements in aged care and related matters.*

*Recommendation 6: That the Australian Skills Quality Authority's registration and quality assurance arrangements for RTOs be reviewed to assess the effectiveness of the current arrangements.*

*Recommendation 7: That the Senate Community Affairs Reference Committee considers whether the current joint policy and funding arrangements for the national training system are conducive to the delivery of an effective training system.*

*Recommendation 8: Programs designed to support skills development or staff attraction and retention need to be carefully targeted in order to optimise effectiveness.*

*Recommendation 9: In order to help increase the pool of aged care workers, periodic public relations campaigns be conducted to improve the image of aged care as a career choice, supplemented by payment of financial incentives to employees who choose a career in aged care.*

*Recommendation 10: That the Committee's findings acknowledge that securing the pool of aged care workers that is predicted will require sourcing of staff from overseas, and that government policies will need to be streamlined in order to facilitate and support overseas recruitment of staff.*

## **Aged care workforce challenges in rural and remote communities**

*Recommendation 11: The Senate Community Affairs Reference Committee explores whether, at its current level, the Viability Supplement adequately compensates rural and remote services for the higher staffing costs they incur.*

*Recommendation 12: That consideration is given to increasing the scope of the Rural, Remote and Special Needs Building Fund to include the provision of capital towards the cost of staff housing for key personnel and the provision of incentive funding to demonstrate potential innovation around the use of digital technology and telehealth.*

## **Informal carers**

*Recommendation 13: There is an ongoing need to review the effectiveness of measures to support informal carers to ensure that they can continue to provide the care and support that is vital to the sustainability and quality of care for the aged.*

## 2. Introduction

As the largest non-government provider of health and aged care services in Australia, Catholic Health Australia's members have a vital interest in ensuring the availability of the skilled workforce that will be required to provide quality aged care and support services for the increasing number of older Australians as Australia's population ages.

Our members' aged care services currently comprise some 23,000 aged care beds; 11,500 home care packages; home support services for about 7,000 people each year; and over 6,000 retirement and independent living units and serviced apartments.

Our services are provided in fulfilment of the mission of the Catholic Church to provide care to all those who seek it.

Catholic Health Australia has been a strong advocate for reform to give older people choice and control over the aged care services they receive and to ensure access by all older Australians needing care, irrespective of their cultural background, financial means or where they live.

The successful implementation of these reforms, and the quality of future services, is dependent on the availability of a skilled workforce which is responsive, culturally attuned and up-to-date to deliver best practice aged care. It is also dependent on the continued availability of informal carers.

The following responds to the issues raised in the Inquiry's Terms of Reference.

## 3. Challenges in attracting and retaining aged care workers

Catholic Health Australia's members have identified the following challenges in attracting and retaining aged care workers:

- Increasing demand and competition for frontline workers across health, aged care and disability care.
- Disparity in wages across the aged care, health and disability sectors and capacity to compete in the labour market on remuneration and terms and conditions of employment.
- Negative image of the aged care sector held in some sections of the community, including by younger people contemplating a career.
- Resistance to employment in the sector if flexibility to increase hours worked on a part time basis is constrained. This may be accentuated if the consumer directed care reforms result in a greater casualisation of the workforce.
- Variability in the quality and consistency of knowledge, skills and competence of Regional Training Organisation (RTO) graduates, who are not always 'workforce ready'.
- Access to allied health professionals, GPs and medical specialists.

- Impediments to recruiting care workers from overseas, including the processes for skills recognition.
- Availability and cost of skilled staff in rural and remote locations, especially nursing staff and allied health.
- Cost of accessing post entry-level workforce development programs for staff, especially in rural and remote locations.

#### **4. Factors impacting aged care workers**

Catholic Health Australia members have identified the following factors that can impact on aged care workers:

- Comparatively low remuneration compared with other sectors, especially the health sector.
- The ongoing need to extend the scope of knowledge and skills of carers of the aged in order to be responsive to consumers' needs and preferences in a consumer directed care environment, and to remain current in best practice dementia care, end of life care and caring for people with a physical and/or intellectual disability who are ageing.
- The lack of flexibility in the industrial relations system to respond to the current reforms which will increasingly give primacy to consumer choice and control and services responsive to consumer preferences.
- The absence of structures for career progression within the aged care sector.
- Variability across jurisdictions in relation to medication management regulations.
- The need for English language training for NESB workers and diversity training for all carers.

#### **5. Future aged care workforce requirements**

It is widely acknowledged that continuing structural ageing of the Australian population will result in the need for a further expansion of the workforce required to care for the increasing number of older Australians.

The structural ageing of Australia's population is not a new phenomenon. It has been a feature of Australia's demography for many years, and has been accompanied by a commensurate increase in the aged care workforce as ageing of the population has progressed. For example, reflecting the increase in residential places allocated under the government's population-based service provision target, the National Institute of Labour Studies estimates that the size of the workforce in the residential aged care sector grew by 29% between 2003 and 2012.<sup>1</sup>

However, the ageing of the baby boomer generation will see an acceleration of structural ageing from the late 2020s when the first baby boomers reach their 80s, placing additional pressure on securing the skilled aged care workforce that will be required.

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<sup>1</sup> National Institute of Labour Studies *The Aged Care Workforce*, 2012 October 2012

This pressure will be compounded by a decline in the working age proportion of the population, the expansion of disability services under the National Disability Insurance Scheme, the increasing demand for health care services as the population ages, an expansion of child care services and an expansion in the tourism and hospitality sector if the Australian dollar remains competitive.

There have been a number of attempts at forecasting Australia's future aged care workforce requirements at the aggregate level.

In its submission to the Productivity Commission's report *Caring for Older Australians*, the former Department of Health and Ageing estimated, based on the assumption that the ratio of the number of aged care workers to the size of the population over 70<sup>2</sup> or over remains constant, that a workforce of some 830,000 will be required by 2050, compared with 260,000 in 2012. The Productivity Commission, taking into account its recommendations for a more deregulated system, estimated a total workforce by 2050 of up to 980,000.

While such forecasts alert us to the broad dimensions of future requirements, there are difficulties in predicting demand over an extended time horizon due to inherent uncertainties, particularly the demand for particular skill sets. These uncertainties in aged care include forecasting the impact of:

- innovations in technology, models of care, care practices and scopes of practice,
- changes in the care needs of older people as the patterns of co-morbidities change,
- greater consumer choice and control over services and where and how they are delivered as part of the policy to move to a more market-based and consumer-driven aged care system, and
- the availability in future of informal carers, on whom the current system heavily relies, including the impact of future government policies designed to support informal carers.

The impact of some of these factors in the shorter term is more discernible, and should inform the short and medium term workforce strategies of governments, employers, training product development and the course offerings by universities and training organisations. For example, it is quite clear that workforce training and development will need to adapt to deliver a workforce that is:

- skilled to deliver best practice care for the increasing number of older people who will be living with dementia, including people presenting with behavioural and psychological symptoms of dementia, and more older people living with co-morbidities and complex health care needs,
- skilled to deliver best practice end of life care,
- more culturally attuned to caring for people from diverse backgrounds, including CALD communities and Indigenous communities,
- more digitally literate,

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<sup>2</sup> The population aged 70 or over was used for the projection because the service provision ratio applied by the government is based on the number of people aged 70 or over.

- responsive to a much larger proportion of aged care services being delivered as home care services, including the greater requirement for care coordinators and care workers who possess a wider range of competencies in order to improve service flexibility and efficiency,
- able to respond to the emerging demand for assistants in care, including assistants in allied health, in order to keep services affordable, and
- have the inter-personal and communication skills, including English literacy, to deliver responsive care, especially in a consumer directed care context.

Responses by governments, universities and registered training organisations and employers in the short to medium term need to be informed by the best available knowledge and evidence of workforce requirements. These responses also need to be regularly re-appraised in the light of emerging trends eg vacancy rates for particular skills, time taken to fill vacancies, and changes in models of care and scopes of practice, noting that many skills can be used across a number of sectors.

Catholic Health Australia considers that creating a national training system which is responsive to sector needs is fundamental to ensuring the availability of a skilled workforce that reflects sector requirements, noting that most of the sector's workforce comes via the national training system. Catholic Health Australia also notes that in response to sector concerns, the Australian Government has recently announced new arrangements to improve industry engagement in setting training priorities and products and new entry-level training packages for aged care and disability care. This is discussed further in Section 8.2.

The Aged Care Workforce Census and Survey periodically commissioned by the Department of Health<sup>3</sup> will also be important for providing current data on workforce requirements and for informing workforce planning. However, these surveys are currently undertaken every four years or so. There would be advantages in supplementing the larger surveys with annual sample surveys covering the more critical workforce indicators eg focusing on workforce demand and supply indicators for the major skill categories, such as time to fill vacancies, and identifying regional differences.

*Recommendation 1: That the Aged Care Workforce Census and Survey be supplemented by sample surveys conducted on a more regular basis.*

## **6. The interaction of aged care workforce needs with employment by the broader community services sector, including workforce needs in disability, health and other areas**

The characteristics of these sectors which draw attention to their interaction in the labour market include the following:

- The services provided by the public and private entities operating in these sectors are substantially funded by governments (federal and state/territory).
- The workforce requirements of these sectors are all on a significant growth trajectory as a result of a combination of government policies and demographic change.

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<sup>3</sup> Under the Aged Care Act 1997, participation by aged care providers in the workforce census and survey is mandatory if the service is to remain eligible to receive Australian Government subsidies paid on behalf of eligible individuals.

- The sectors, to varying degrees, require access to staff with common skill sets, though the skills overlap is not across the board and varies between sectors.

Taken together, however, the above characteristics will increase competition between these sectors for skilled staff, both in terms of attracting enrolments in entry-level education and training and subsequently in attracting graduates to their sector and retaining their services.

As a consequence, the workforce requirements of aged care cannot be considered in isolation by either governments or education and training organisations. They must take into account the combined workforce demands generated by all of these sectors, especially with regard to those occupations and skills, such as nurses and care workers, whose skill sets are more readily transferable across the sectors. The portability of skills across the aged care and disability sectors has been formalised by the recent creation of a new Individual Support Certificate III qualification to replace the former separate Certificates in Aged Care, Home and Community Care and Disability Care. The new Certificate requires all students to complete core subjects and then choose to specialise in up to two of aged care, home care and community care or disability care.

This portability poses challenges for governments because, depending on funding, pricing and regulatory policies applied to each of the sectors, and the tightness of the labour market from time to time, the policies may result in some sectors being better placed to compete for staff than other. An illustration of this situation that is often cited is the higher rates of remuneration provided by state and territory government health and aged care services, and health services generally, which erodes aged care providers' capacity to compete in the labour market for nursing and allied health staff.

Prices set by government for services therefore need to be sufficient to allow service providers to offer remuneration and terms and conditions of employment that are competitive in the pooled labour market. By influencing the viability of services, prices also influence the quality of services, worker job satisfaction and the attractiveness of workplaces, and hence the overall reputation and standing of the sector in the community and as a career choice for prospective employees.

Noting the important role that employers can play in fostering attractive workplaces, the competition for staff between the sectors poses a challenge for employers as to the extent to which strategies for improving the quality of workplaces is approached on a collective or individual basis.

### *Interface issues*

The interaction between aged care and health care services on workforce issues goes beyond competition for direct employees.

The quality of aged care services and the efficiency of health and aged care services also depend on timely access by aged care providers to specialist inputs when required, such as palliative care and mental health expertise, allied health and GPs. In this regard, the effectiveness of the interface arrangements between aged care and health services is fundamental to supporting older people.

A characteristic of the skills at the interface of the two systems is that they are mostly provided through separate funding and budget holding arrangements which can pose challenges for coordination at the local level. One measure of the success of workforce strategies therefore is their effectiveness in facilitating local collaboration.

Better collaboration by local budget holders was an objective of the former Divisions of General Practice program, and now the Primary Health Networks. Fulfilment of this objective must continue to be encouraged and pursued if better access to key skills and support is to be achieved. There is an

imperative for aged care providers to seek to engage with their Primary Health Networks and local health service budget holders to put in place such collaborative arrangements, but to be successful, the benefits of collaboration have to be understood and pursued by all stakeholders.

*Recommendation 2: That measures, such as the Primary Health Networks, continue to be encouraged and supported to facilitate greater collaboration at the local level between aged care providers and the other health sectors.*

## **7. The role of government**

A strategic approach to ensuring that Australia's future aged care workforce requirements are met must first be based on a shared understanding of the respective roles of government, employers and individuals, including whether there are any particular characteristics of the aged care industry which influences these roles.

At a general level, government influences the overall workforce through its management of the economy, including through annual budgets and by setting policies in areas such as industry, taxation, public works, industrial relations, social security, retirement incomes and child care. These, along with international economic factors, influence the tightness of the labour market from time-to-time as the economy goes through its cycles. They also create incentives and disincentives for people to enter or remain in the workforce, including as people age.

Government can also influence workforce supply through immigration policies. Migrant skills can be used to help smooth peaks and troughs in demand that have not been able to be responded to by the Australian education and training system, including the qualifications framework.

However, government's primary direct mechanism for securing a skilled workforce is through its funding of education and training providers and students, and the regulation of universities and the national training system.

Government support for education and training generally is not sector specific, but instead tends to be organised around particular occupations and skill sets, many of which can be applied in a variety of sectors. The aged care sector is a case in point where a range of its skills requirements are generally not unique to the sector, but can also be deployed in a variety of community service and health settings. As a general rule, where graduates choose to apply their qualifications is not something that government can or should manage, except to the extent that its regulatory policies for the sectors it primarily funds influence the viability of employers in the sector and their ability to compete in the labour market.

Therefore, because governments are the primary funders of aged care services and the main sectors with which aged care providers compete in the labour market, government also has a significant influence on employers' capacity to compete in the labour market. This is discussed further in Section 8.

However, while the role of government does not extend to managing career choices of individuals, there is a role for government, in a largely demand driven university and vocational training system, to be informing younger people of future trends in jobs creation in order to inform students' study and career choices. The projected growth in employment in the caring sectors should be highlighted in this context.

Government also has a role to play by setting policies in relation to individual contributions towards the cost of their entry-level and post-graduate qualifications. It is important that these are equitable across sectors, occupations and individuals.

Employers, operating within the industrial relations framework set by government and the funding envelope determined by the government, are responsible for setting the remuneration levels and terms and conditions of employment required to be competitive in the labour market, including what may be required to attract and retain staff in the light of local conditions, eg compensating for relocation expenses or perceived negative life style consequences of remoteness.

Employers also have a large part to play in influencing the choices of graduates and new recruits by determining the attractiveness of workplaces, which requires good people management and leadership skills. This is particularly the case if the employer is to attract staff with the personal qualities as well as the qualifications that are needed to foster a caring culture in the workplace. Even during the peak of the resources boom, there was anecdotal evidence that some providers had less difficulty than others attracting and retaining staff though, as discussed in Section 8, locational factors unrelated to management can also impact on the ability to attract and retain staff.

The importance of good people management and leadership has been confirmed in recent research specific to the aged care sector undertaken by Dr Katrina Radford<sup>4</sup>. Dr Radford's survey of employees in the aged care sector found that the factors influencing whether older staff stayed or left were overwhelmingly under the control of the employer. Remuneration was important, but not as important as other factors such as job satisfaction, a positive workplace environment, supportive co-workers and the connection and relationship that employees develop over a time with their employer (job embeddedness), including perceived organisational and supervisor support.

*Recommendation 3: Any sector-wide strategy for ensuring the availability of a skilled aged care workforce must be based on a clear and agreed understanding of the relative roles of government, employers and the individual.*

## **8. Government policies at the state, territory and Commonwealth level which have a significant impact on the aged care workforce**

### *8.1 Adequacy of prices*

The prices set by the Australian Government determine the level of revenue generated by residential aged care providers to cover the cost of delivering care and support services and meeting daily living expenses, including utility costs; similarly, the Government determines the revenue providers receive to cover the cost of delivering care and support in home care.<sup>5</sup>

As well as setting prices, the Australian Government also sets and monitors the quality standards that service providers are required to meet from within the revenues determined by the government.

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<sup>4</sup> Dr Katrina Radford *What makes me stay? An investigation into factors influencing older workers' intentions to stay*. *Labour & Industry Journal* 2016

<sup>5</sup> The price for living expenses in residential is set at a maximum of 85% of the single pension for **all** residents and prices for care in each of home care and residential care are the same Australia-wide for all people with the same assessed care needs, though the care prices set for people with similar assessed care needs are not the same in residential care and home care.

The Australian Government also pays a viability supplement to support the cost of care delivery by services in rural and remote locations. The system also allows in limited regulated circumstances for certain approved residential care providers to levy additional charges for extra services.

The adequacy of prices and profitability therefore directly influence providers' capacity to compete in the labour market on wages and terms and conditions.

This was clearly identified by the Productivity Commission's Report *Caring for Older Australians* when it concluded that a comprehensive aged care workforce strategy needed to include the ability of providers to pay fair and competitive wages. Accordingly, the Commission recommended that care prices set by government should take into account the need to pay fair and competitive wages, including taking into account the appropriate mix of skills and staffing levels for the delivery of these services.

The Commission also recommended that an independent authority be created to recommend care prices, including prices that reflect local labour market conditions.

*Recommendation 4: Prices set for aged care services should be market-based in order to enable aged care services to compete in the labour market, while enabling reasonable rates of return to justify continued investment in aged care services.*

## *8.2 The role and regulation of Registered Training Organisations (RTOs)*

Industry concerns about the quality and consistency of qualifications awarded by RTOs, which are jointly funded and administered by the Commonwealth and the states and territories, have been widely documented. Most recently, they have been reported in the former Community Services & Health Industry Skills Council's 2015 Environmental Scan<sup>6</sup>. In addition, Catholic Health Australia members continue to advise that quality of training is still an issue, including having to run their own re-skilling programs for new employees.

Catholic Health Australia considers that the quality and consistency of qualifications awarded is fundamental to securing a skilled workforce and notes that new entry level qualifications for aged care have been recently introduced in order to help address current inconsistencies. The new arrangements to operate from 2016 include:

- Creating new Industry Reference Committees, supported by new Skills Service Organisations, to guide and provide input on industry demand for qualifications.
- Creating a new Individual Support Certificate III qualification to replace the separate Aged Care, Home and Community Care and Disability qualifications.
- A requirement that all Individual Support certificate students must undertake a minimum 120 hour workplace placement, with many competencies assessed in the workplace.

These arrangements put a heavy responsibility on employers to keep the Industry Reference Committees and RTOs fully informed so that the training packages are up-to-date with the evolution of skill needs in the sector and to support changes in scopes of practice. The new arrangements also put dual responsibility on the RTOs and aged care providers to provide meaningful work placements that support appropriate training and assessment. Overall, these arrangements put an appropriate, but heavy responsibility on both the training system and aged care providers.

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<sup>6</sup> Community Services & Health Industry Skills Council 2015 *Environmental Scan, Building a Healthy Future: Skills, Planning and Enterprise*

There is also a responsibility placed on the Australian Industry and Skills Committee<sup>7</sup>, working through the relevant Industry Reference Committee, to monitor and report on the effectiveness of the new arrangements.

Given the ongoing concerns about the quality and consistency of the aged care qualifications under the national training system, a review of the current registration and quality assurance arrangements for RTOs under the Australian Skills Quality Authority may be warranted. Noting the increased emphasis on assessing certain competencies as part of the mandatory workplace placement, there would also be merit in reviewing the appropriateness of the current auditing arrangements in the context of the decision to place greater emphasis on trainee competency assessment systems and processes in the workplace.

One question that the Committee may wish to consider is whether the current overlap in Commonwealth/ state responsibilities for the national training system is conducive to the delivery of an effective national training system. Unlike vocational training, nurse education is the responsibility of a single level of government.

*Recommendation 5: That the Australian Industry and Skills Committee, which is the national body responsible for overseeing the national training system, be required to monitor and publicly report on the effectiveness of the new training arrangements in aged care and related matters.*

*Recommendation 6: That the Australian Skills Quality Authority's registration and quality assurance arrangements for RTOs be reviewed to assess the effectiveness of the current arrangements.*

*Recommendation 7: That the Senate Community Affairs Reference Committee considers whether the current joint policy and funding arrangements for the national training system are conducive to the delivery of an effective training system.*

### **8.3 Workforce development**

Securing a skilled workforce goes beyond entry-level education and training. As is the case in many professions and trades, the best practice 'frontier' for aged care is constantly being extended, including in relation to dementia care, end of life care and in terms of the impact of technological change in a digital world. Accordingly, there is a need for post entry-level training for existing staff as the knowledge 'frontier' expands.

Particularly in the case of larger providers, the bulk of the post-entry level training for existing staff is undertaken through in-house training programs or sourced by providers from commercially available training products.

In addition to government funding for entry-level qualifications delivered by universities and training organisations, governments from time to time also fund sector specific training and workforce development programs. In this regard, the Australian Government funds a range of aged care specific development programs under its Aged Care Workforce Development Program.

The effectiveness of government incentives paid to individuals for training and development can be problematic. While they can serve to increase the overall supply of particular targeted skill sets, there is no certainty that the recipient of the training will remain in the sector targeted by the incentive payment. As far as Catholic Health Australia is aware, there is no reliable process for determining what proportion of assisted individuals under the various workforce development programs have remained in the sector, noting that the skills are not unique to the sector and the

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<sup>7</sup> The Australian Industry and Skills Committee, a joint Commonwealth/state body, is responsible for overseeing the national training system.

Australian Government has no legal right to make assistance conditional on an employment outcome.

Scarce resources may be more effective if directed to paying reasonable prices to allow the sector to be competitive in the labour market or directly compensating employers for the cost of back-filling for staff attending professional development courses or developing their own in-house training programs. A benefit of this approach is that it enables an employer to fashion an employment package and workplace culture which is more likely to engender staff retention and foster 'job embeddedness' by creating a more supportive working environment. Other options include measures directly targeted at attraction and retention in certain circumstances, such as staff housing, meeting relocation costs or subsidising the costs of visiting health professionals.

*Recommendation 8: Programs designed to support skills development or staff attraction and retention need to be carefully targeted in order to optimise effectiveness.*

#### *8.4 Increasing the pool of aged care workers*

As noted in Section 5, there will be a need to significantly increase the pool of aged care workers. Inter alia, this will require an expansion in the number of students enrolling in courses relevant to aged care and graduates choosing to work in aged care rather than other sectors, as well as more employees in other sectors switching to a career in aged care.

Catholic Health Australia members have identified that the poor standing of aged care in the community as a result of periodic negative media coverage is discouraging many from considering a career in aged care, especially amongst the young.

One option is to rely on market forces working effectively to drive the increase in the pool of aged care workers, including ensuring that aged care providers have the capacity to be competitive in the labour market. However, given the public interest imperative in securing an increased pool of workers, there is a case for considering other general measures as well (in addition to market-based pricing and the more targeted incentives referred to above).

Catholic Health Australia members suggest that a national aged care workforce strategy should also include periodic advertising campaigns conducted by government designed to improve the image of aged care as a career choice. Such a campaign should be supplemented by financial incentives to attract people to a career in aged care. There is anecdotal evidence that once people, especially graduates, experience the positive working environment that aged care can offer, they are likely to remain in the sector.

The dimensions of the increase in the aged care workforce pool that is likely to be required also suggests that it is more than likely that the total pool will not be able to be supplied from within Australia's overall workforce. It seems likely that the domestic workforce will need to be supplemented by sourcing staff from overseas.

Currently, many potential candidates for care worker would not meet the qualifications requirements, nor the current minimum salary requirements which are not geared to part time work which dominates the sector. There is case for reviewing current regulations and for creating a dedicated program for recruiting overseas staff which would include TESOL English development, on the job training and recognised industry wages.

*Recommendation 9: In order to help increase the pool of aged care workers, periodic public relations campaigns be conducted to improve the image of aged care as a career choice, supplemented by payment of financial incentives to employees who choose a career in aged care.*

*Recommendation 10: That the Committee's findings acknowledge that securing the pool of aged care workers that is predicted will require sourcing of staff from overseas, and that government policies will need to be streamlined in order to facilitate and support overseas recruitment of staff.*

## **9. Aged care workforce challenges in rural and remote communities**

The recent analysis of factors affecting the financial performance of rural and remote aged care services by the Aged Care Financing Authority<sup>8</sup> confirmed that greater geographical isolation is causing additional workforce challenges for these services, and that higher staffing costs are a significant contributor to higher expenses and poor financial performance.

The average operating Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) for residential services in rural and remote areas in 2014-15<sup>9</sup>, which excludes non-operating revenue such as interest, capital grants for new infrastructure and donations, was -\$2,070 prpa<sup>10</sup>, compared with \$9,267 prpa for non-rural and remote services. The major contributor to the difference in EBITDA results is the significantly higher staffing costs incurred by rural and remote facilities (\$16,360 prpa higher than for non-rural and remote facilities).

On the other hand, the divergence in financial performance for home care providers is less significant (average EBITDA of \$1,712 per package per person compared with \$1,885 for non-rural and remote services).

Unlike residential services, home care services do not incur the higher fixed costs required to deliver legislated specified care and services 24/7 for residents when needed. Instead, they tend to deliver the service hours that their budget and local cost structures allow. The more relevant comparison, therefore, would be the number of hours of service provided by metropolitan and rural and remote services from within the funding received. This data is not available, though rural and remote home care providers point to higher costs due to workforce expenses, but also the need to provide services in rural areas where distances travelled are greater.

A number of factors linked to greater geographical isolation combine to contribute to increased workforce costs, though data on their relative contribution is not available. The factors include:

- Higher wage costs to attract and retain most staff, but especially registered nurses and enrolled nurses.
- Higher fixed staffing costs in residential services associated with the smaller services in rural and remote areas due to the smaller population of older people in the service area which precludes the benefits of economies of scale.
- The need to provide other employee incentives to compensate for isolation eg contributions to accommodation costs and reimbursement of relocation and transport costs.
- Additional training and staff development costs for new and existing staff either to cover the transport and accommodation costs of a visiting trainer or for trainees attending regional training centres.
- Higher cost of accessing the services of allied health professional and medical specialists.

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<sup>8</sup> Aged Care Financing Authority *Financial Issues Affecting Rural and Remote Aged Care Services* February 2016

<sup>9</sup> Excluding Multi-Purpose Services

<sup>10</sup> Per Resident Per Annum

- Generally poor internet and mobile phone coverage which limits the scope to achieve efficiencies through the use, for example, of tele-health services and internet training opportunities.

Non-government services in rural and remote areas also face greater challenges than state government services, including Multi-Purpose Services, because the latter receive funding from state/territory governments in addition to that provided by the Australian Government, and therefore generally can offer more attractive rates of pay.

The higher staffing costs incurred by services in rural and remote areas have been recognised by the Australian Government through the payment of a Viability Supplement. The average Viability Supplement paid in 2014-15 for residential services in rural and remote areas was \$2,774 prpa and \$2,000 per package per annum in home care. Without the Viability Supplement, the average EBITDA for residential services in rural and remote services would have been -\$4,844, and slightly negative for home care services.

Nevertheless, given the disparity in EBITDA results for residential services, the question is whether the Viability Supplement adequately compensates residential rural and remote providers for the higher staffing costs they incur. There is also the question whether targeted measures could be identified to help reduce staffing costs, such assistance with staff housing and incentive funding to demonstrate potential innovation around the use digital technology and telehealth to capture the benefits of the roll-out of the NBN.

*Recommendation 11: The Senate Community Affairs Reference Committee explores whether, at its current level, the Viability Supplement adequately compensates rural and remote services for the higher staffing costs they incur.*

*Recommendation 12: That consideration be given to increasing the scope of the Rural, Remote and Special Needs Building Fund to include the provision of capital towards the cost of staff housing for key personnel and the provision of incentive funding to demonstrate potential innovation around the use of digital technology and telehealth.*

## **10. Informal carers**

Although not specifically identified in the Terms of Reference for this Inquiry, an analysis of Australia's future aged care workforce needs to take into account the role of informal carers, mainly family but also volunteers, because they provide the majority of direct care to older Australians and often play a key role in the co-ordination of formal care services, especially in home care.

The Productivity Commission<sup>11</sup> has identified that social and demographic trends suggest that there is likely to be fewer informal carers relative to the growing older population. These trends include lower marriage rates and the rising incidence of single person households, smaller family sizes and the increasing age of first-time mothers, older people being encouraged to remain in the workforce longer and higher participation rates of women in the workforce, offset to a degree by the number of partners living longer.

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<sup>11</sup> Productivity Commission *Caring for Older Australians* August 2011

A key strategy for moderating future workforce requirements is to ensure that support is provided for informal carers in undertaking their caring role, a point that has been widely acknowledged. The ways that informal carers can be supported include assistance with obtaining better information about the aged care system and assistance with navigating the system; ensuring informal carers have the skills to perform their caring role; access to timely and appropriate respite services; flexible workplaces that support informal carers; and income support and financial assistance.

Recent years has seen a number of measures to support informal care implemented, or in the process of being implemented. However, there is an ongoing need to evaluate their effectiveness and to identify other cost effective means of supporting informal carers.

*Recommendation 13: There is an ongoing need to review the effectiveness of measures to support informal carers to ensure that they can continue to provide the care and support that is vital to the sustainability and quality of care for the aged.*

## **11. Staffing ratios and 24 hour Registered Nurse coverage**

Catholic Health Australia does not consider that a blanket requirement for all aged care facilities, irrespective of their resident profile, to have a Registered Nurse (RN) on site all day is warranted on care quality or affordability grounds. Equally, Catholic Health Australia does not support the application of mandatory staffing ratios to aged care facilities.

Instead, the staffing mix and RN coverage in each aged care facility should reflect the acuity levels and care needs of the residents in each facility. There are considerable variations between facilities in terms of size, resident profile, room configuration and facility layout, models of care utilised and access to volunteers, all of which influence staffing requirements.

This approach is reflected in the construct of the accreditation standards under the *Aged Care Act 1997*. Under the accreditation standards, each facility is required to:

- provide appropriately skilled and qualified staff sufficient to ensure that services are delivered in accordance with the accreditation standards and the residential care service's philosophy and objectives (Expected Outcome 1.6: Human Resource Management),
- ensure that management and staff have appropriate knowledge and skills to perform their roles effectively ( an Expected Outcome under all of the accreditation standards), and
- ensure that care recipients' specialised nursing care needs are identified and met by appropriately qualified nursing staff (Expected Outcome 2.5: Specialised Nursing Care Needs).

The Australian Aged Care Quality Agency's accreditation assessors audit each residential aged care facility against these standards and expected outcomes. Each service has to satisfy the auditors that they have systems, policies and procedures in place to meet and comply with the standards. As part of their assessment, the assessors review the resident care plans, the staff rosters and staff qualifications for each facility so as to be satisfied that the staffing levels and skill mix are appropriate to meet the needs of the residents at all times. Residents, relatives and staff are interviewed to establish consistency of performance against the standards.

These quality assurance arrangements ensure that regardless of the facility size, resident mix and resident needs, the care and support is appropriate to meet those needs. In this regard, the Productivity Commission's assessment of staffing requirements in aged care facilities, contained in its 2012 report *Caring for Older Australians*, remains relevant:

“On balance, the Commission considers that, at this stage, the imposition of a simple staff ratio is a relatively blunt instrument, particularly given that the care resident profile of every facility will be ever changing. Such ratios become particularly problematic for small facilities, and a rigid application of the ratios would create operational difficulties for these facilities. Further the existing accreditation process (supported by the complaints handling process) provides a mechanism for encouraging providers to apply an appropriate skills mix and staffing level in the delivery of community and residential aged care services.” Page 370

Catholic Health Australia  
03 March 2016