



A•S•U
Australian Services Union

ASU Submission

Future of Australia's aged care sector workforce

Australian Government
Senate Standing Committees on Community Affairs

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Introduction

The Australian Services Union (ASU) is one of Australia's largest Unions, representing approximately 120,000 members.

The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local government (both blue and white collar employment)
- Social and community services, including Aged Care
- Transport, including passenger air and rail transport, road, rail and air freight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and SA)

The ASU has members in every State and Territory of Australia, as well as in most regional centres.

Who we represent

The ASU represents members who work in social and community services and local government including:

- Aged care services
- Disability services
- Child protection youth and family services
- Health, mental health and alcohol and other drug services
- Community and neighbourhood centres
- Migrant and settlement services
- Homelessness, housing and tenancy support services,
- Community legal services
- Aboriginal and women's services
- Policy, advocacy and campaigning organisations
- Employment services
- Home and Community Care
- Community transport

In the aged care sector the ASU specifically represents workers in community based care services – both not-for-profit and for-profit providers. We have members who work in aged care as case managers and service coordinators for home-based care. In local government in Victoria we have members working in the following fields:

- Assessment
- Domestic Assistance
- Personal Care
- Social Support
- Home Maintenance
- Meals
- Transports
- Respite Care

In addition the ASU also covers workers who may be directly involved in providing information, support and advice to those experiencing, or alleged to be experiencing, elder abuse. These workers are employed by an Elder Abuse Helpline and provide direct advice or support by phone, electronically, or in person.

The Inquiry

We welcome the opportunity to participate in the Senate Standing Committees on Community Affairs inquiry into the future of Australia's aged care sector workforce.

In this submission we address three primary issues:

1. The interaction of aged care workforce needs with the broader community services sector, particularly in disability;
2. Challenges in attracting and retaining aged care workers; and
3. The particular aged care workforce challenges in regional towns and remote communities.

1. Interaction of aged care workforce with broader community services

The current aged care and disability sectors in Australia are being transformed with a range of reforms and initiatives targeted at the improvement of service delivery in the sectors. Both sectors are transitioning to client-centred service delivery models.

Whilst the aged care and disability sectors share common workforce and policy issues, the ASU is firmly of the view that these sectors are separate and distinct groups.

The needs of those accessing aged care are significantly different from those seeking disability support. Consequently, the work performed by, and the skills required of aged care workers are significantly different than those of disability support workers.

This distinction has been recognised historically and continues to be recognised today, in that the industrial arrangements dealing with the aged care and disability support workforces differ. Home Care Employees classification descriptors are set out in Schedule E of the *Social, Community, Home Care and Disability Services Industry Award 2010 (the Modern Award)* while disability support classification descriptors can be found in Schedule B of the Modern Award. Home care work typically consists of personal care and domestic assistance, such as assistance with cooking, cleaning and hygiene. Disability support includes some elements of personal care, but also support for independent living skills and community participation.

This distinction is not weakened by the fact that some employers provide both aged care and disability support to members of the community in which they work. Many employers provide services in a wide range of areas, from child care, to support for people experiencing family violence, to disability support and aged care.

The consequence of this distinction is that independent workforce planning and policy frameworks should be developed for each sector.

Separate workforce planning and policy frameworks will also ensure the ASU's hard fought Equal Remuneration Order (ERO) for community sector workers, including disability support workers, is not undermined. For example, our members in disability and aged care receive the ERO, however those classified as home care workers do not. We are concerned that unscrupulous employers may use a conflation of the work as an excuse to incorrectly classify disability support workers as home care

workers for the purpose of avoiding the workers' access to their hard fought for and won equal pay increases.

2. Challenges in attracting and retaining aged care workers

The Australian quality of life is critically dependent on community services such as aged care. As our population ages the demand for support and care will dramatically increase. It is therefore imperative government considers what the effects of our ageing population may be and makes the necessary legislative and policy adjustments required to ensure an effective, sustainable and high quality aged care sector for the future.

On 1 July 2015 new reforms were introduced with regard to increased demand for residential care placements and home care packages. These reforms aim to assist in the flexible delivery of aged care services along with ensuring high-quality care and the expansion of consumer directed care (CDC).

We support the greater emphasis on choice and flexibility through CDC models and believe these aims are most achievable where there is a stable, skilled and properly paid workforce.

Accordingly, ASU members seek that the aged care reforms are delivered in such a way as to ensure:

- secure jobs are at the centre of service delivery;
- decent safety net of conditions and pay to attract, retain and value workforce;
- increased staff training and development to ensure highest possible quality care and support;
- rural and remote Australia are supported; and
- workforce engagement to make sure workers are part of the change.

In 2011 the Productivity Commission identified a number of areas of concern in regards to the aged care workforce in its report *Caring for Older Australians*.¹ These included: workforce shortages are exacerbated by low wages and some workers have insufficient skills; there are high administrative loads arising from the burden of regulation; there is a need to improve the attractiveness of the sector; and a need to improve access to high quality education and training. The ASU believes all of these issues still warrant attention.

In Australia there is already a challenge in both the recruitment and retention of qualified staff in the aged care sector. In its report *Caring for Older Australians*² the Productivity Commission anticipated that the aged care workforce will need to more than quadruple by 2050, at a time when the overall employment to population ratio will be declining.

The aged care workforce is older than the overall workforce in Australia with a high proportion being aged 45+. Age is one factor that can contribute to, or exacerbate, current or expected labour shortages in a particular occupation.³ How will the workforce supply be sufficient to meet the demand for aged care in the next decade or two?

The National Aged Care Alliance estimates around one in four personal carers leave their jobs each year, with low pay being the main reason for the high turnover rate.⁴ Online employment search engine Adzuna recently found:

- the number of aged care job vacancies has more than doubled Australia-wide year on year;

¹ Australian Government Productivity Commission Research Report, *Caring for Older Australians* [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/aged-care/report/aged-care-volume1.pdf>

² Australian Government Productivity Commission Research Report, *Caring for Older Australians* [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/aged-care/report/aged-care-volume1.pdf>

³ Australian Government, *Profile of the Aged Care Workforce* [online] Accessed at: https://docs employment.gov.au/system/files/doc/other/profile_of_the_aged_care_workforce.pdf

⁴ National Aged Care Alliance, *Aged Care Reform Information Sheet* [online] Accessed at: https://www.cotasa.org.au/cms_resources/Documents/the_aged_care_workforce.pdf

- the number of searches for aged care jobs has increased by 150% year on year;
- however there are still four times the number of aged care jobs than there are aged care job seekers⁵.

Aged care providers will need to develop a sustainable model of work in order to recruit and retain skilled workers. Workplace shortages may see those in the system having to work longer and more flexible hours. Other significant issues that will have a negative impact on workers in the sector may include:

- An increase in the number of casual staff/independent contractors
- Employing workers with little or no qualifications
- Unregistered and unregulated workers
- Inflexible working conditions
- Inconsistent, ineffective or non-existent training and professional development
- Increasing client to staff ratios
- Reducing or merging programs

There has been a reduction in parity of pay with other relevant sectors over recent years, largely as a result of inadequate indexation for aged care services⁶. The ASU is concerned the current funding base does not reflect the true cost of service provision or provide requisite resources to enable providers to pay its workforce wages that keep pace with other industries competing in the same labour market.

The determination of fair and competitive wages should form part of this inquiry with a genuine comparison between the industries that the aged care competes with being established and any recognised loss of parity being addressed and additionally funded.

These workforce conditions deter workers from entering the aged care workforce and add to the precarious nature of the sector and should be considered when developing future policy frameworks.

To plan and develop the aged care workforce of the future it is imperative that all stakeholders work together in developing a long term and viable workforce strategy. The ASU along with our members look forward to participating in this important process.

3. The particular aged care workforce challenges in regional towns and remote communities

Local government in regional towns and remote communities

The ASU has been involved in local government and local communities across Australia for over 120 years. During this time the ASU has developed an extensive knowledge of local networks, processes, local needs and solutions.

Local Government plays a key role in creating local environments which enable people to participate with local councils having responsibility for providing the local environment in which older people live, and for providing or supporting services for older people.

The 2011 *Henry Review of Australia's Future Tax System*⁷ identified the following aged care services as being provide by local government:

⁵ Business Insider Australia, *There's a boom under way in aged care jobs but all the wages are being sucked up by managers*, 17 February 2016 [online] Accessed at: <http://www.businessinsider.com.au/this-data-suggests-all-the-wage-rises-in-australias-crucial-health-sector-are-being-sucked-up-by-managers-2016-2>

⁶ National Aged Care Alliance, *Aged Care Reform Series – Workforce* [online] Accessed at: http://www.naca.asn.au/Age_Well/Workforce.pdf

⁷ Australian Centre of Excellence for Local Government, *The Henry Review of Australia's Future Tax System: Implications for Local Government* [online] Accessed at: <http://www.acelg.org.au/news/henry-review-australias-future-tax-system-implications-local-government>

- Community centres
- Community transport
- Food services and Meals on Wheels
- Respite care and aged care facilities
- Ageing policies and programs including social inclusion initiatives
- Assistance to the aged through the Home and Community Care program
- Older driver education
- Adaptable housing design
- Community infrastructure that is age-friendly

Local government service provision is underpinned by a range of commitments and requirements. These enhance the effectiveness of local services and help build social capital in the community and help in the provision of appropriate support for those who are disadvantaged in the community. The commitments are often the result of legislation and policies which operate in the local government arena but do not operate in the for-profit sector or are limited in their application.

Local government has established mechanisms of community consultation and accountability through social planning mechanisms which place councils in a strategic position in communities, enabling the identification of deficiencies or gaps in local service provision. Many forums bring together diverse organisations for purposes of sharing information, discussing local issues and contribution to local knowledge.

Councils assist communities with infrastructure, advocacy, research, networking, support, information provision as well as local capacity building. They also help connect people with external providers of certain services. This can be critically important to communities, particularly in regional and remote areas. Thus local government support and coordination adds value to local services and enhances council programs that are directly provided by them. This can be particularly important in regional and remote areas where the local authority may be the major employer and key connection for many people.

In Australia a higher proportion of the population is elderly in rural and remote communities than in capital cities. It is known that the health of older people in rural and remote Australia is generally poorer than that of their metropolitan counterparts.⁸ Overall, the more remote the area in which you live, the poorer your health status.⁹

In general aged care facilities in regional and remote communities are smaller in size than their urban counterparts. With aged care costing more per patient in these types of settings and many providers operating on the cusp of viability. Three specific factors have been identified as affecting the higher costs of rural aged care: distance and travel; the need to customise services to address local conditions; and labour recruitment barriers¹⁰.

One of the fundamental concepts behind CDC is the idea of choice, however in rural and remote areas this may be somewhat difficult to achieve. For example, where a service is unavailable locally and the participant is expected to travel long distances to receive care. Leading Age Services Australia said, “[t]o assist people to age in place, services need to be available, responsive, appropriate and sensitive to people’s needs.”¹¹

⁸ The Australian Institute for Social Research, *Analysis of supply and demand in relation to aged care and the aged care workforce: Final Report* [online] Accessed at: https://www.adelaide.edu.au/wiser/pubs/pdfs/wiser201032_the_community_aged_care_model_in_rural_remote_australia_final_report.pdf

⁹ Aged & Community Services Australia and the National Rural Health Alliance, *Older People and Aged Care in Rural, Regional and Remote Australia* [online] Accessed at: http://www.pc.gov.au/inquiries/completed/ageing/submissions/national_rural_health_alliance_inc./sub012.pdf

¹⁰ The Australian Institute for Social Research, *Analysis of supply and demand in relation to aged care and the aged care workforce: Final Report* [online] Accessed at: https://www.adelaide.edu.au/wiser/pubs/pdfs/wiser201032_the_community_aged_care_model_in_rural_remote_australia_final_report.pdf

¹¹ Leading Age Services Australia, *Issues affecting the financial performance of rural and remote providers across residential, home and flexible care* [online] Accessed at: <http://www.lasa.asn.au/wp-content/uploads/2015/11/LASA-submission-to-ACFA-Issues-affecting-the-financial-performance-of-rural-and-remote-providers.pdf>

Problems also stem from shifts to individualised funding and the elimination of block funding arrangements for service providers. When providers receive funding that is dependent upon certain numbers of clients being involved, fluctuations in numbers can present significant risk to the financial viability of providers. Those who are able to ride out the ebb and flow will be in a stronger position than those who do not have sufficient reserves. Eventually some drop out, which is not always a positive outcome, especially for those living in rural and remote communities.

In addition workforce issues are more acute in rural and remote communities than in metropolitan locations. The supply of qualified and experienced staff is restricted and turnover is high. Access to training is often difficult with lifelong learning opportunities being restricted due to the costs associated with purchasing education from outside the local area. In addition, many health and community aged care professionals work alone with little or no administrative or professional support¹².

A contested market model may see the increased casualisation of workers as service providers implement employment models that can rapidly adapt to changes in funding arrangements and policy shifts. Job loss, insecurity of employment and casualisation can have a dramatic knock-on effect for existing workers and in rural areas can significantly affect the economic viability of small towns.

The ASU believes to address the recruitment and retention concerns for regional and remote communities all stakeholders need to work together to develop a sector solution. Potential solutions such as paying a higher premium to attract permanent staff and payment of relocation costs should be considered.

Local government in Victoria

Local government in Victoria has been providing aged care services and community facilities for many years and has well established networks throughout the State. It has also been a large financial contributor to the industry, both in providing additional services and generally paying wages and conditions of employment above community and private sector conditions.

The workforce is predominantly older women employed on a permanent part time basis with agreed hours of employment and many of these women have been long standing employees of local government.

The future for these workers is very uncertain as Councils review their role in the industry. Many of our members are concerned that potentially they could lose their current position or with the introduction of CDC and competition for clients their wages and conditions of employment will be eroded to a very low base irrespective of qualifications, skills and experience in providing a quality service.

Our members are generally reimbursed for some of the employment costs borne by the worker in the provision of in-home care support – travel costs (own, maintain and fuel a personal vehicle) and travel time outside the direct client rostered service hours which can be considerable in rural and regional areas, provide electronic and/or telephone communications with employer, training and police checks if required. Where these expenses are not reimbursed the attraction to work in community aged care may become prohibitive to a low wage earner with irregular part time hours of employment.

The potential reduction of a range services and supports to the local aged care community if the financial commitment of the local government industry should be of major concern to clients and funding bodies alike.

Victorian HACC system and its pending transition to a national system

The ASU is concerned about the impact of funding changes on account of the transition of the Victorian HACC system from a state regulated environment to a Commonwealth system.

¹² The Australian Institute for Social Research, *Analysis of supply and demand in relation to aged care and the aged care workforce: Final Report* [online] Accessed at: https://www.adelaide.edu.au/wiser/pubs/pdfs/wiser201032_the_community_aged_care_model_in_rural_remote_australia_final_report.pdf

As of 2019 the Commonwealth is due to assume full funding and policy control of the Victorian HACC system. While this change, per se, is not a cause for concern, the proposed funding model due to be adopted by the Commonwealth is.

A unique feature of HACC in Victoria is the involvement of local government. Indeed local government has acquired a respected reputation for the provision of quality HACC services and plays a vital role in the funding of these services.

Currently in Victoria, HACC is block funded via a joint funding agreement on a 40:40:20 ratio, viz., 40% Commonwealth and State and 20% local government contributions. Often Councils contribute a greater sum where a Council has decided to offer a higher volume of services and, significantly, where Commonwealth and State contributions fail to keep up with the cost of service provision.

Nevertheless this system provides a great degree of funding certainty, which ensures the financial viability of the service and makes it easier for Councils to attract and retain staff since certainty that funding will continue into the future means Council is in a position to offer home carers secure employment.

This system is due to undergo a fundamental change once the Victorian system transitions to Commonwealth control in 2019. The main cause of this is the proposed 'voucher style' funding model that will be utilised under the new scheme. This system will replace the block funding model and will see HACC providers funded only for those clients they are able to attract and serve. The great flaw in this model is the total absence of funding certainty – no HACC provider can be sure how much money they can expect from the Commonwealth because no HACC provider can be certain about how many clients they will be able to attract.

This funding model will have a direct, and adverse, impact on the ability of employers to attract and retain staff. Equally, this funding model creates an imperative to casualise the home care workforce. The logic underpinning this is clear and simple: no provider can offer permanent employment to their employees if it cannot be assured of funding that will pay for their staff wages and costs. In turn funding uncertainty means employers will need to drive down costs, both by keeping wages low and through a casualisation of home carers while also shifting back onto the employee certain costs, such as travel expenses.

One possible solution to this contingency is for the Commonwealth to offer a base level of funding to all accredited and registered home care providers. This should aim to guarantee the financial viability of providers (though this objective should exclude for-profit providers, and in the case of councils, should aim to ensure the financial viability of the council continuing to offer the service) and should also aim to guarantee providers are able to meet the employment costs of their home carers. Additionally the unit price paid to providers needs to be cost reflective, or else the viability of the service will suffer.

The ASU believes the Commonwealth must offer greater incentives to Victorian local government to ensure it remains involved in the provision and – crucially – funding of home care services. To this end, we believe the inquiry should recommend the Commonwealth establish a type of local government home care transition fund. The fund should offer generous financial assistance to councils in the years following the 2019 transition.

For example, the fund should offer Councils additional funds, on top of those available under the *My Aged Care* system, for a period of 5 years after the federal transition on the proviso that councils in receipt of such funds commit to their continued provision of home care services for a minimum of 5 years after that, ie., the fund exists until 2024 with Councils having received generous contributions from the fund committing to continue to provide home care services for at least 5 years after that until 2029. The intention of this is twofold: first, it provides long term certainty that services will continue over a long period of time and, second, it enables Councils to overcome the 'fear' generated by change and adjust to the new CDC system.