4 March 2016

Senator Rachel Siewert  
Chair  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
E: community.affairs.sen@aph.gov.au

Dear Senator Siewert

Inquiry into the Future of Australia’s Aged Care Sector Workforce

The Aged Care Guild (“The Guild”) welcomes the opportunity to submit its views on the future of Australia’s aged care sector workforce. The Guild is a representative body for nine of the largest private residential aged care providers in the industry:

- Allity Aged Care
- Arcare Aged Care
- Blue Cross Community and Residential Services
- Bupa Care Services
- Estia Health
- Japara Healthcare Ltd
- McKenzie Aged Care
- Opal Aged Care
- Regis Aged Care.

The Guild is the representative body for private providers in the industry. Together, our Members care for 35,000 residents (approximately 18% of the residential aged care industry) and employ over 32,000 staff across our portfolio of 402 facilities Australia wide. Collectively, our Members have been the largest builders or acquirers of beds in the industry over the last six years.

Guild Members have the management structures in place to continue actively increasing their contribution to the residential aged care industry. As such, the building of new aged care facilities and employment of a significant proportion of the future workforce will be undertaken by our membership. This positions the Guild as ideally placed to comment on the future of employment in the sector. Further, the Guild offers the perspective of private corporate providers who do not enjoy the taxation benefits of other entities in the sector.

The Guild considers the expansion of the aged care sector as highly beneficial to the Australian economy. It is a significant creator of jobs; in the sector itself as well as the building and construction industry, with the expansion of new facilities. However, the sector will be required to meet its own workforce requirements as it rapidly expands, which could present a challenge.

It is important that the capacity of the sector to expand and employ the future aged care workforce is supported by a stable financial and regulatory environment. This will encourage continued investment in the sector to cater for Australia’s ageing population. Further, the sector must position itself as an attractive and viable career option for future employees. While this is ultimately the responsibility of individual providers, the Guild will look to work with the Australian Government and other peak bodies...
as our Members transition and adapt to a consumer-directed funding model and other changes envisaged by the Productivity Commission in 2011.¹

**Findings**

- The expansion of the aged care sector is highly beneficial to the Australian economy and a significant employment generator.
- With higher levels of acuity amongst residents, the future workforce will be required to deliver increasingly complex clinical services, which will shape its education and training requirements.
- The sector is seen to be a less attractive career option (particularly compared to acute healthcare and public hospital systems) and must therefore position itself competitively as an attractive and viable choice for future employees.
- The sector will require a significant number of additional workers in coming years; it is not clear if this can be readily met.
- The management skills and leadership of facility managers is crucial to the retention and proficiency of staff and is an area identified for investment.

**Recommendations**

- Modelling and analysis of the industry’s capacity to meets its future workforce requirements is needed to obtain a clear picture of the task ahead.
- Stability of funding and policy should be maintained to allow the industry to grow in a sustainable and stable environment.
- Consultation with industry concerning major administrative, policy and funding changes should be continued.
- The training needs of the industry should be discussed with peak provider groups and RTOs to ascertain their capacity to train the future workforce and whether current requirements and expectations are being met.
- A national registration system that encompasses all aged care workers should be considered.

Our views are further laid out below.

**Composition of the workforce**

The Guild notes the work of the National Institute of Labour Studies (NILS) in producing the 2012 National Aged Care Workforce Census and Survey.² The Survey provides a comprehensive profile of the aged care workforce that will assist the Committee in its investigation. The Guild commends this publication and notes that a 2015-16 Census and Survey is currently being undertaken. Of note in the 2012 Survey are the findings that:

- 34.4% of the aged care workforce have reported migrating to Australia and 69.5% of all Personal Care Attendants (PCAs) are migrants. Therefore, migration policy can have significant implications for the composition of the workforce.³
- Around 80% of the workforce is aged over 35, with 16-34 year olds underrepresented at only 19.4%. Arguably this is a skewed profile.⁴

These aspects of the workforce composition are expanded on later in this submission.

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**Future workforce requirements**

The aged care industry is rapidly expanding and will need to ensure that it is appropriately trained and staffed into the future. The Aged Care Financing Authority (ACFA) estimates that an additional 76,000 new residential care places will need to be provided for by 2024. The Guild considers that this will require around 80,000 additional staff. Looking further into the future, the Department of Health estimates that:

“If the ratio of aged care workers to the size of the population aged 70 and over remains constant, then by 2050 approximately 800,000 individuals will be engaged in the provision of aged care, compared with 250,000 in 2012.”

This strong growth in the aged care sector workforce is supported by the Reserve Bank of Australia (RBA). In its *February 2016 Statement of Monetary Policy*, the RBA reports strong growth in the health and social assistance stream of employment, which is driven by an “increased demand for aged and home-based care services as the population ages.” Figure 1 further illustrates that the aged care sector is a strong employment generator in an otherwise challenging economic climate for jobs growth.

Figure 1 – Reserve Bank of Australia, *Statement on Monetary Policy – February 2016*

The Guild notes that residents are typically entering care later in life and so have more demanding and involved care needs. Increasingly, the aged care sector will need staff with more advanced education and training to meet these needs, which will alter the sectors future workforce requirements and staffing profile.

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Provider case study 1

One provider shared the following case study of a facilities review of resident care needs. The review identified that the following significant changes in the complexity of care required for its residents:

- 500% increase in the complex health care needs of residents over the past 12 months
- 50% increase in the complex wound care needs of residents over the past 12 months
- 66% increase in treatment for complex pain management by RN over the past 9 months
- 28% increase in the RN management of residents living with diabetes over the past 9 months
- 14% increase in the overall resident care required in the home that is overseen by RN’s
- 55% increase in the complex management of skin integrity of residents requiring a RN.

The Guild is of the view that residents are entering care in more advanced stages of their lives and so require a higher level of care. The case study above is not an isolated example and is typical of the increasing care needs of residents.

In the medium-term, the Guild is concerned with the capacity of the sector to acquire the requisite workforce. As detailed in provider case study 2 indicates (see page 5), this may prove difficult. This concern is shared by ACFA:

“A combination of the significant anticipated expansion of the sector over the next decade and competition for staff with the more highly paid acute care sector, the National Disability Insurance Scheme and the service sector in general make this a major issue."

The aged care workforce is rapidly expanding, much more so than other industries. With the introduction of consumer directed care, the sector will need to adapt to how care is envisaged to be delivered by Government. At present, the sector continues to meet its workforce requirements.

However, providers’ capacity to meet their future requirements are uncertain and this requires further analysis. Given the sheer numbers of workers required and our rapidly ageing population, it is not enough to point to new technology and methods of care as reason enough to overlook this issue. The Guild will look to work with government to meet the forecasted needs of the future workforce and attract, train and retain its future workforce.

Recommendation 1 – That the Committee recommend that the Government undertake to model and analyse the capacity and likelihood of the industry employing an additional 80,000 workers over the next 8 years, so as to obtain a clear picture of task ahead and any support that might be required.

Challenges in attracting and retaining the workforce and factors impacting this

The Guild notes the challenges that providers face in competing for employees in the broader health care sector. The aged care sector competes for Registered Nurses (RNs) with hospitals and for PCAs with disability service providers and, increasingly, the home care industry. It also competes with the more highly paid acute care. Further, the private sector competes with the not-for-profit sector, which benefits from tax breaks and salary sacrificing, contributing to an uneven playing field when competing for staff.

The Guild’s position is that it is incumbent on individual providers to provide attractive work places, career and knowledge advancement opportunities to compete with other providers in the sector.

Staffing needs and outcomes can vary, as identified by one Guild provider:

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A Guild provider highlighted the problem of attracting workers and dealing with attrition. Over the past 12 months, this provider has lost 1,000 staff – an attrition rate of 22.5% – and employed 1,500. The provider is concerned with this as they have opened new facilities in this time and made expansions to others. The net effect has been a loss of staff, compounded by a high casual to permanent staffing ratio, which impacts on the continuity of care provided to patients.

Although this provider is able to meet the current care needs of its residents, there are concerns that this will become increasingly difficult into the future, if this experience continues.

Providers are also undertaking initiatives to address attraction and retention issues in the workforce:

Another Guild provider discussed the initiative of a dedicated staffing roster, both as a best practice means for delivering care and one that was having the added effect of motivating and retaining staff. This provider’s ‘dedicated staffing model’, as opposed to more conventional rotating staffing, introduced a relationship approach to staffing and resident care. The provider asked staff to commit to three shifts per week so as to enable staff to provide one-on-one care to the same residents on an ongoing basis. Having consulted with staff, this was seen as an attractive idea and was supported.

Initially this resulted in some staff leaving, who were not prepared to commit to the new rostering system. However, the longer-term result has been a significant drop in staff turnover; from an industry-wide average of around 25% to something approaching 15%.

On the whole, the NILS survey shows a workforce that is generally content and settled in their employment. The Guild considers that many of the issues experienced by the sector are common across other industries and not unique to aged care alone. Overwhelmingly, Guild members have agreed that is largely incumbent on management to improve their leadership and management of staff, to foster an engaging and motivating working environment and culture that employees are drawn to. Some providers have also commented that they are actively looking at leadership and management training and new approaches for staff to redress these concerns.

The Committee might also consider the effect of generational change on the age profile of the workforce. Less young people are entering the industry, which is understood to be unattractive to the younger demographic. It could be considered that the age profile is skewed as health workers are drawn to the industry in time, as their values change and they see the attraction of working in aged care. The Guild is of the view that more needs to be done to appeal to the <35 age bracket as an older workforce is not sustainable in the medium-long term.

A number of Guild providers have highlighted their capacity to offer stronger career paths for suitably qualified and motivated staff, which contrasts to other parts of the health sector. It is common for Guild providers’ staff to progress from RNs to facility managers and senior corporate positions.

The Guild also notes that the Government is looking to industry to address its workforce concerns. The Guild looks forward to working collaboratively with other aged care stakeholders and the Government to progress a workforce strategy.
Interaction with Registered Training Organisations

The Guild submits that there is varying quality between training providers. These views are based on feedback from facility managers, who have reported that a number of providers’ students are not even considered for employment, such is the quality of training provided. The Guild considers that it incumbent on the government to ensure better regulation and monitoring of the training provided. Consequently, the Guild endorses the Australian Skills Quality Authority Report *Training for aged and community care in Australia* and asks that the Committee reflect on its findings.9

Provider case study 5

One Guild provider shared their experience of partnering with a small number (4-5) metropolitan-based RTOs. This provider has signed memorandums of understanding with these RTOs. In return, they have had PCA students placed in their facilities and contributed to the curriculums of these RTOs.

These relationships have proved invaluable for the provider as they have been able to recruit from a known pool of candidates and have been able to ensure consistency and a high quality of training amongst new staff.

Recommendation 2 – That the Committee recommend that the Government discuss the training needs of the industry with peak provider groups and RTO providers and report on their capacity to train future workforce and weather the workforces’ requirements are currently being met.

Impact of policies and the role of government

The Government is the primary funder and regulator of the aged care industry and sets policy in areas impacting the aged care workforce. It is essential that private residential aged care providers have stable and well defined regulations and funding to encourage investment and continue to expand. ‘Surprise’ changes in regulations and funding make it difficult to attract and retain debt and equity capital required to expand the industry.

As such, clear direction should continue to be provided by government and ongoing consultation with industry undertaken. There have been some recent policy decisions on which industry has not been consulted, which have had significant effects on the workforce, namely:

Portability of long service leave

A number of Australian jurisdictions have recently explored the idea of a portable long service leave scheme (LSL). The Guild opposes LSL for the reasons outlined to the Education and Employment References Committee late last year.10 We believe such a scheme will only make the task of meeting future employment growth targets more difficult.

Immigration and visa policy

As discussed, a significant proportion of the aged care workforce has migrated to this country. Although providers have found it difficult to recruit directly (due to 457 visa pay thresholds) the government should be mindful that this has been a significant source of obtaining a workforce. Any changes to immigration or visa policies could unintended flow on effects for workforce supply.


Provider case study 6

For instance, one Guild member provided their experience of employing nursing graduates on work visas. This provider found overseas nursing students were excellent PCAs, who were able to work for the 3-4 years of their study, but only 20 hours per week. With a standard shift of 8 hours, these workers would benefit from an increase to 24 hours of work per week; that is, three full shifts. This provider said that approximately 1 in 10 PCAs were employed through these arrangements, but that their restricted working hours might be revised.

Aged Care Payroll Tax Supplement

As a result of the removal of the Aged Care Payroll Tax Supplement in the Federal Government’s 2014 budget, the private aged care industry now competes for workers on an un-level playing field with a large number of “not for profit” providers, who also have an advantage in salary packaging through fringe benefits tax concessions. This has distorted competitive neutrality amongst providers and created a two tiered system in which the not-for-profit, disability and acute care sectors have a significant financial advantage over the private sector to attract and retain health and care workers.

Aged Care Roadmap

The Aged Care Roadmap is an excellent example of government consultation with industry and provides a framework for future decision making and policy. Further, the Guild supports government sounding out policy options through the Aged Care Sector Committee and the capacity to contribute through this means. The Guild will look to work with and for government to respond to industry needs as they arise. This will require ongoing consultation and a responsive government.

Recommendation 3 – That the Committee recommend that the Government maintain stability of funding and policy, consistent with the Aged Care Road Map, allowing the industry to grow in a sustainable and stable environment.

Recommendation 4 – That the Committee recommend that the Government continue to consult with the industry concerning major administrative, policy and funding changes.

Challenges for regional towns and remote communities

The challenge of providing a workforce for residential aged care facilities in regional towns and remote communities is highlighted in ACFAs report Financial Issues Affecting Rural and Remote Aged Care Providers. The Guild notes the findings of this report, which concluded that geographic isolation affected workforce costs, travel and freight expenses, access to allied health staff, and limited catchment areas resulting in smaller facilities and services.

Ultimately, facilities will only be built in areas where a solid business case can be made to build and then operate a profitable facility. This is impacted by providers’ capacity to attract and retain a workforce to these areas. With changing demographics, these are not uncommon concerns to this industry alone.

Other related matters

Registration of aged care workers

The Guild submits that there is a compelling case for a care worker registration system to be adopted across all Australian jurisdictions. The Guild recognises that while the Council of Australian Governments met and agreed to a National Code of Conduct for health care workers in April 2015,

this would not meet the requirements and full intent of a national registration process. The Guild asks that the Committee consider registration for PCAs, which should become compulsory and administered by the Australian Health Practitioner Regulation Agency, in the same way that tertiary qualified nurses, doctors and allied health professionals are.

Recommendation 5 – That the Committee recommend that the Government – through the Council of Australian Governments – promote a national registration system that encompasses all aged care workers.

Thank you for the opportunity to submit our views on the future of the aged care sector workforce. The Guild looks forward to a continued bipartisan response to workforce issues and the industry as a whole. The Guild would look forward to the opportunity to contribute further to this inquiry and expand on our views at a future Committee hearing. Please do not hesitate to contact me on (02) 8249 4775 or at CEO@agedcareguild.com.au for any additional information or clarification.

Yours faithfully,

Cameron O’Reilly
Chief Executive

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Terms of Reference

The future of Australia’s aged care sector workforce, with particular reference to:

a) the current composition of the aged care workforce;

b) future aged care workforce requirements, including the impacts of sector growth, changes in how care is delivered, and increasing competition for workers;

c) the interaction of aged care workforce needs with employment by the broader community services sector, including workforce needs in disability, health and other areas, and increased employment as the National Disability Insurance Scheme rolls out;

d) challenges in attracting and retaining aged care workers;

e) factors impacting aged care workers, including remuneration, working environment, staffing ratios, education and training, skills development and career paths;

f) the role and regulation of registered training organisations, including work placements, and the quality and consistency of qualifications awarded;

g) government policies at the state, territory and Commonwealth level which have a significant impact on the aged care workforce;

h) relevant parallels or strategies in an international context;

i) the role of government in providing a coordinated strategic approach for the sector;

j) challenges of creating a culturally competent and inclusive aged care workforce to cater for the different care needs of Aboriginal and Torres Strait Islander peoples, culturally and linguistically diverse groups and lesbian, gay, bisexual, transgender and intersex people;

k) the particular aged care workforce challenges in regional towns and remote communities;

l) impact of the Government’s cuts to the Aged Care Workforce Fund; and

m) any other related matters.