



25 April 2013

Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

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Dear Committee Secretary

**Re: *Aged Care (Living Longer Living Better) Bill 2013; Australian Aged Care Quality Agency Bill 2013; Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013; Aged Care (Bond Security) Amendment Bill 2013; Aged Care (Bond Security) Levy Amendment Bill 2013***

Attached please find a submission to the Senate Inquiry into the *Aged Care (Living Longer Living Better) Bill 2013; Australian Aged Care Quality Agency Bill 2013; Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013; Aged Care (Bond Security) Amendment Bill 2013; Aged Care (Bond Security) Levy Amendment Bill 2013* on behalf of the Health Services Union.

Yours sincerely

Chris Brown  
**National President**

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# HEALTH SERVICES UNION

## Submission to the Senate Inquiry into

Aged care Living Longer Living Better Bill 2103  
Australian Aged Care Quality Agency Bill 2013  
Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013  
Aged Care (Bond Security) Amendment Bill 2013  
Aged Care (Bond Security) Levy Amendment Bill 2013

April 2013  
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## Introduction

The Health Service Union (HSU) welcomes the opportunity to make a submission to the Senate Community Affairs Legislation Committee inquiry into the 5 Bills that make up the legislative package which give effect to the Living Longer, Living Better reforms:

Aged Care Living Longer Living Better Bill 2103

Australian Aged Care Quality Agency Bill 2013

Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013

Aged Care (Bond Security) Amendment Bill 2013

Aged Care (Bond Security) Levy Amendment Bill 2011

The HSU is a national union representing a diverse range of health professionals and employees in the health and community service sectors. The HSU represents members covering a broad range of skill sets including physiotherapists, occupational therapists, speech pathologists, podiatrists, psychologists, disability workers, mental health workers, ambulance officers, aged care workers, kitchen staff, cleaners, aboriginal health care workers, nurses and personal care attendants. Our coverage varies from state to state and across Australia. The HSU represents the interests of members in the workforce to improve member outcomes and contribute to the ongoing improvement of health and community care policy, services and facilities for clients.

The HSU branches nationally represent the industrial and professional interests of aged care workers and have a long history of productive involvement and participation in policy development, service improvement, and reform in our areas of expertise. For the last 100 years the union's focus has consistently centred on the provision of a skilled and competent workforce to support evolving service systems and needs in all areas of the health sector.

Our submission is confined to the Aged Care Living Longer Living Better Bill 2103.

## The Workforce Supplement

HSU supports the introduction of the Workplace Supplement as a simple, practical and transparent tool to provide additional funding to approved aged care providers to take steps towards improving the employment conditions of their workforce, and enhancing attraction and retention of employees.

The Workforce Supplement aims:

- to improve the aged care sectors capacity to attract and retain a skilled and productive workforce;
- to provide funding to assist the aged care sector in delivering fair and competitive wages in the short term and longer term options for meeting the challenges of the sector considered by the Aged Care Financing Authority.

This initiative recognises that an appropriately skilled and qualified aged care workforce is fundamental to the delivery of quality and appropriate care across residential and home care. Sector Workforce development will assist with the reality of caring for an increasing number of older Australians with changing needs.

Any application for additional funding under the Workforce Supplement is voluntary and, despite the rhetoric of some commentators, no approved aged care provider is obliged to participate. However the increased funding will be available from 1 July 2013 to those approved providers who meet the criteria and apply.

Aged care providers who operate establishments of 50 residential aged care beds or more, must have a new or amended enterprise agreement to access the Workforce Supplement. Providers with less than 50 beds or who classify as providers of Veterans and Commonwealth Community Care Programs or Day Therapy Centre Programs will not need to enter into an enterprise agreement but will need to satisfy DOHA that they are meeting the terms and conditions of the Workforce Supplement.

To receive the additional funding the employer must provide through enterprise agreement or relevant commitment, a minimum 2.75% wage increase or the annual Fair Work Commission national wage increase whichever is higher plus a 1% wages supplement to employees covered by the agreement or relevant commitment.

In addition, the rates in the agreement must be above the relevant margins in the modern award as phased in over a 2 to 3 year period. Phasing arrangements are set out in Table 1 below:

<b>Classification</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Personal and community care workers and other care staff	1.50%	3.00%	3.00%	3.00%
Enrolled nurses	2.50%	5.50%	8.50%	8.50%
Registered nurses	4.00%	8.00%	12.60%	12.60%

We believe that the inherent strength of linking the Workforce Supplement to enterprise agreement outcomes is the most simple, efficient and transparent way to ensure that the additional funding meets the policy objective: to improve the wages and conditions of employment of aged care workers.

In addition to wages, the enterprise agreements must also have provisions which are intended to assist aged care providers attract and retain adequate numbers of suitably qualified staff.

The approach is intended to overcome the disadvantages of previous initiatives which, although aimed at workforce enhancement, attraction and retention, were often used for purposes not linked at or directed to workers. These initiatives included \$211 million over 4 years in 2002 and a further \$877.8 million in 2004. This time the requirements to achieve the additional funds are embedded in the Workforce Supplement and directly link to outcomes for workers.

HSU believes the government’s approach is the best approach in the circumstances. Much of the public criticism of the Workforce Supplement advances narrow and sectional interests only. HSU believes opponents should embrace an approach that will assist the aged care sector to attract, retain and enhance its workforce capacity.

The HSU joins with UV and the ANF to condemn without reservation the attempts to link the additional funding for aged care workers simply to benefit the role and influence of trade unions active in the aged care sector.

The misinformation being promulgated goes further, including to the extent of several of the employers and employer peak bodies who have previously supported the Workforce Supplement and have influenced changes in requirements, delivery and quantum, are now providing statements to members and other employers which support or contribute to the misinformation.

In rejecting these assertions, HSU makes the following points:

- There is no obligation on an aged care provider to sign up to the policy or apply for the additional Workforce Supplement;
- Enterprise agreements are not made between a union and an employer, but between the employees and their employer;
- Employees are not required to be union members to participate in enterprise bargaining process or to receive the benefits of an agreement;
- All parties purportedly support the negotiation of enterprise agreements to reflect the local needs of the specific aged care facility/ provider

HSU has a long history of, and continues to bargain on behalf of our members in the aged care sector. Since the move from award based to agreement based bargaining we have sought and obtained agreements.

It has been a long and often slow process. Under the Workplace Relations Act 1996 agreements were difficult to secure because many employers refused to engage with their employees over wages and employment conditions, claiming wages and conditions were set by government funding alone.

Bargaining has, until more recent years, been patchy across the sector and the outcomes achieved have varied markedly between employers and states. While there has been an increase in bargaining since the introduction of the Fair Work Act in 2007 the outcomes remain well behind both the public and private health sectors generally.

The disparity in wages specifically and conditions generally increases the difficulties for providers in aged care to compete with the general health care sector for staff, particularly in relation to qualified health professional employees but also for experienced staff in all care areas. This is not news to anyone with expertise in the sector. The Workforce Supplement is intended to assist aged care providers, those who voluntarily wish to meet the criteria and apply for the supplement, to address that disparity.

### **ACFI Changes**

Changes to the ACFI Rules that are included in the draft Bills are designed to close some unintended consequences in the funding arrangements to ensure the fair, equitable and intended application of the funding principles.

HSU notes with concern that there have been some assertions that the Workforce Supplement is somehow linked to these changes and that the effect is simply moving the allocation of resources from one part of the system to another. These changes were destined to occur and form no part of the Reforms.

### **High Care Low Care**

HSU supports the removal of different treatment for high and low care residents but notes that such changes should not be used by providers for diluting the level of care and services provided to residents.

While it is envisaged that recipients with low care needs will benefit from the improved provision of quality, skilled care which should increase levels of independence for longer periods, decreasing the rate of deterioration will also decrease the incidence of, and/or rate of advancement to, high care needs thereby delaying the triggers to a higher level of funding and greater cost to the Commonwealth.

## Conclusion

Currently the estimates set the aged care workforce at around 300,000+. These workers are personal and community care workers, enrolled and registered nurses, health professionals and support staff. The Department of Health and Ageing estimates the workforce requirements will be an additional 500,000 by 2050.

At the same time the workforce requirements in the disability sector are on the rise as we see the full implementation of the National Disability Insurance Scheme. The initial workforce estimates alone are for an additional 65,000 full time equivalent workers [from a current estimated 70,000] in only the next few years. The workforces are not dissimilar and providers will be required to compete against each other, or indeed internally within their own workforce to meet the service needs of both the ageing population and people with a disability seeking services.

Further the loss of workers within the sectors is significant, with an estimated one in four personal carers leaving the sector annually. The reasons are varied, but the principal reason remains wages and employment conditions with carer and support staff wages as low as \$16 - \$19 per hour.

The concerns within the sector are shared. We won't always agree on the cure, but the Workforce Supplement was largely supported by all cross sector interests.

However there remain significant concerns, evidenced in part by the sudden misinformation campaign which is feeding into concerns that many within the sector require additional assistance to implement such a program. There are employers willing and interested in meeting the requirements and applying for the additional supplement. There are employers who currently meet the requirements but are unclear about process and require additional assistance. And there are employers who do not believe they have the capability or capacity to meet the requirements or apply for the additional supplement. We believe consideration and assistance should be provided to ensure that their needs are also met so that they will be able to pass on long overdue wages rises to their employees.





Joint statement by the Australian Nursing Federation, Health Services Union and United Voice regarding the Aged Care Workforce Supplement

- The unions note that the Productivity Commission has recognized that the provision of quality care for older people depends on the aged care sector attracting and retaining sufficient numbers of dedicated, educated and well paid workers.
- The unions note the Living Longer, Living Better Aged Care Reform Package, in part, seeks to assist aged care providers attract and retain adequate numbers of suitably qualified employees and we support the government's decision to make available increased funding to providers to assist them to compete in the labour market.
- The unions endorse the precondition that aged care employers establish or amend enterprise agreements with their workforce to access the supplementary funding.
- Further, the unions strongly support the inclusion of additional funding into enterprise agreements as the most simple, efficient and transparent way of ensuring that the additional funds are acquitted as envisaged under the reform package
- The unions note the Aged Care Reform Package has almost universal support and this is partly due to the long history of productive engagement and consultation with all industry stakeholders. We note the unions represent the interests of the aged care workforce and call on the government to ensure that the ongoing implementation of the reform package is done in a co-operative and consultative manner.