



## Senate Community Affairs Reference Committee Inquiry into Aged Care

### Submission by Richard Hearn, Chief Executive Officer, Resthaven Incorporated

30 July 2004

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Resthaven hereby submits comment on two key areas of the Inquiry

**1) The adequacy of current proposals, including those in the 2004 Budget, in overcoming aged care workforce shortages and ALP proposals**

**A. The recently announced Federal Budget**

- 1.1 We welcome the budget's provision for additional places made available to train nurses. However, it is unclear how we judge whether these extra nurses will impact on the workforce supply in aged care or simply respond to shortages in acute care. In addition, there is a four to five year time lag associated with announcements to fund training, but we have immediate pressures for more nurses. We have a sense that these announced places fall short of the requirements suggested by the South Australian State Government where the numbers of nurses graduating each year needs to exceed 1000 if we are to not only stem the shortage issue but also make up for the lost numbers and the real demand increase that will arise in an older population. In essence, the supply of aged care nurses does not come from graduates with less experience, but from more experienced nurses.
- 1.2 We are critical of the lack of understanding of all key stakeholders with regard to the wage parity issues relating to nurse shortages. We believe that because State Government and the acute sector are the price setters of wages in the wider community, the outcomes that are being offered to acute sector nurses are placing enormous pressures on our ability to attract nurses to aged care.

Whereas state governments underwrite the wage costs in acute care, the Federal Government does not underwrite wage pressures in aged care. By contrast, the Federal Government COPO indexation system (introduced by a former Federal ALP Government in the early to mid 1990s) falls significantly short of the wage outcomes state governments approve in acute care. This simple reality is of critical importance in understanding the issues that impact on nurse supply in aged care as against acute care. Again, the massive size of the acute care nurse workforce means it is the price leader for wages in each state. There is an obvious, but not accepted, implication for Federal Government of this reality. On one hand funds flow from Federal Government to State Government to underpin this price leader wage outcome in acute care, yet when Federal Government applies indexation outcomes to aged care it underscores this reality and the impact it has on staff supply in aged care.

This situation is further influenced by the number of nurse graduate positions made available in universities. When these factors are combined with the reasonably high drop out rate for nurse undergraduates, the community is faced with a serious problem in the provision of an adequate supply of nurses. All of these factors have a critical influence on nurse supply in aged care.

- 1.3 Resthaven is very appreciative of the conditional incentive of 1.75% to assist us in the wage parity issue. However, this must be seen in comparison to our immediate pressures in South Australia. We are already 3% behind acute sector wages, and do not offer one wage step in the Level 1 nurse structure compared to acute care. The State Government recently approved an acute care nurses Enterprise Bargain

agreement that, on face value, reflects a 16.5 % increase over 3 years. For night duty nurses there is at least another 2% (and possibly up to 5%) additional increase to further encourage nurses to work at these times.

In order to retain a relative wage differential over the next three years, Resthaven has to try and meet the 16.5+% outcome for day nurses, and the 18.5+% outcome for night duty nurses in our negotiations for a new enterprise bargain agreement, as our current agreement ceases at the end of September 2004. In contrast, to compete with the acute sector wage outcome, we have the 2% COPO indexation outcome plus the conditional incentive of 1.75%, which is a total of 3.75%. I understand the acute sector's three-year agreement offers 6% for all in its first year (plus the night shift loading of 2+%). How can we compare 6% for all nurses, or 8+% for night duty nurses, with our maximum 3.75% in additional indexation and incentive funds we have available this year?

- 1.4 Many stakeholders have their own critical concerns, such as the Australian Nursing Federation (ANF) that wishes to maximise wage outcomes, and the Government who wish to control program expenditure, make this issue and its assessment more complex than required.

The reality is, that in order to pay the level of wages for aged care nurses that are demanded by unions, and dictated by acute care outcomes, the funds provided for higher resident frailty are used to pay higher wages rather than increasing staff hours. Sooner or later the related issues of nurse shortage, wage pressures and staff resources must also cause fundamental implications for aged care service providers. We believe these pressures have emerged in recent years, as evidenced in the way aged care service providers grapple with price leadership by State Governments, and in the wage parity demanded by the ANF in a nurse shortage environment. On face value there appears to be no clear resolution foreseeable in the next 10 years based on current strategies and price leadership undertaken by State Governments in acute care. It continues to be a key worry for us.

## **B) ALP Proposal**

- 1.1 We are also frustrated by the lack of depth in any ALP aged care policy proposal and more specifically any such policy proposal that impacts on such important matters. We understand that the ALP's aged care policy is a commitment to the concept of minimum staff levels. However, they have given no indication as to where the funding will come from if such minimum levels are above what we already provide at Resthaven. They have not stated what strategies they will adopt to ensure there is an adequate supply of nurses in the community so there is no inflation of wages due to short supply. They have not stated how they will fund aged care services to be at least competitive with State Government wage outcomes offered to acute care nurses.
- 1.2 It is most worrying that the ALP policy is so lacking in detail and yet has committed itself to such a major undertaking without understanding the current critical relationship between state government price leadership pressures, the current inadequacy of the COPO (which ALP introduced), and its continued inadequacy when combined with the much-appreciated conditional incentive recently introduced. Those aged care providers who have been in the sector for many years are worried that the ALP will simply role out its former system of the Care Aggregated Module (CAM), which quarantined certain funding areas for wages use only. They are concerned that the ALP does not appear to have given any consideration to the major problems the CAM system caused in the 1980s and 1990s, resulting in gross disadvantages for South Australian providers compared to eastern states through differential subsidies. Nor does the ALP appear to have given consideration to the significant changes that have taken place in the aged care system since the Aged Care Reforms of 1997.

- C) There are similar arguments for non-nurse supply and wage issues. We are currently concerned that similar wage inflation pressures are being exerted in relation to non-nurses areas, for example, personal carers. These wage pressures are well above the indexation outcomes being offered to aged care service providers.

The budget also encouraged education and employment of staff at Certificate 4, without a context of what role personal carers qualified at Certificate 4 would undertake, nor the implications for this certificate level to be promulgated in wage claims based on the value of work performed.

In a nurse and staff shortage environment, there are many issues and arguments about work value, wage parity that arise from professional groups to protect their professional boundary from an historic perspective which contribute to wage inflation in this and related sectors. Key challenges include:

- o consideration of the repositioning of certain duties to other and less qualified staff groups without significant risk to the elderly,
- o whether professional staff need to be involved in certain practices when their limited availability is considered, for example, in medication management,
- o personal carers' greater involvement in medication where the medication has been pre-packaged in a pharmacy, at both Schedule 4 and 8 level medications.

**D) Summary**

Both Government and the ALP seem to miss the simple relativities of staff shortage in aged care, which includes the impact of State Government wage leadership, well in excess of aged care real indexation outcomes; the shortage of graduates in nursing relative to retirement from nursing; and the inadequacy the COPO system even with the conditional incentive system.

**2. The effectiveness of current arrangements for the transition of the elderly from acute hospital settings to aged care settings or back to the community.**

Resthaven sees this area as a critical challenge to the current care system as the population ages. This will place greater pressures on the acute care sector, which will in turn impact on the elderly if both State and Federal Government do not identify a clear and appropriately funded service system to manage this key issue.

Related considerations

- 2.1 We believe the work between State and Federal Governments in this area over the past two years or so is very encouraging, with more preparedness across both levels of government to improve the systems in relation to these issues.
- 2.2 We believe some new care service systems need to be established. These will be a mix of
- o Community care transition packages focused on the hospital avoidance and early discharge areas
  - o We believe that at both Federal and State levels there is an absence of commitment to improved rehabilitation options. A renewed commitment in these areas will be required to manage the future needs. Resources need to be targeted and rigorous outcome measures applied to allied professionals to avoid a situation where individuals become lifetime service recipients in targeted areas.

- We believe the current unnecessarily complex array of available service options causes significant confusion and prevents open access to services. Leadership is required at State and Federal levels to impose simplicity in the service system so the wider community understands the core service options available and where these can be found. Contracted service providers should be required to only refer to these community programs in by their established service names and not allowed to develop program titles in order to distinguish their service from others.
- We believe a system of step-down facilities from acute to medium care is required. These need to be properly managed and have entry points back to people's homes or to an aged care facility with transitional community support. It is clear however, that adequate resources will be required to ensure such models are appropriately funded.
- General Medical Practitioners need to be resourced to provide care, particularly for special needs groups such as the elderly. Currently the local medical practitioner is offered a lower rebate to attend residents in an aged care facility than to consult in their own rooms. This is causing doctors to gradually choose not to visit aged care facilities. This disincentive in the system needs to be resolved as does the need to increase the numbers of general practitioners in the community.

Thank you for the opportunity to offer these points of view. We trust the Senate's review will be used to genuinely improve outcomes for the elderly in these areas.

Yours sincerely

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