



24 April 2007

Mr Elton Humphery
Committee Secretary
Community Affairs Committee
Parliament House
Canberra ACT 2600

Dear Sir

AGED CARE AMENDMENT (RESIDENTIAL CARE) BILL 2007

The Health Services Union appreciates the opportunity to provide a submission to the Community Affairs Committee regarding the *Aged Care Amendment (Residential Care) Bill 2007*.

The union would welcome the opportunity to address the Committee at a Senate Inquiry Hearing regarding the issues outlined in this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read "Craig Thomson". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

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SUBMISSION TO;
SENATE COMMUNITY AFFAIRS COMMITTEE
INQUIRY INTO AGED CARE AMENDMENT
(RESIDENTIAL CARE) BILL 2007

APRIL 2007

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1. Introduction

The Health Services Union does not oppose the introduction of the Aged Care Funding Instrument (ACFI) and is supportive of efforts to reduce the amount of paperwork for many of the staff of residential aged care. The union is concerned, however, that the system is reviewed after one year, that any implications for accreditation are be considered, that the levels and indexation of funding are sufficient to provide quality of care and that the system ensures that funding provided goes to providing care (such as through mandated minimum staffing levels).

2. Health Services Union

The Health Services Union (HSU) is a registered trade union with over 75,000 members nationally. The HSU, as one of the largest unions in the sector, represents members employed in a wide range of occupations in residential aged care.

3. Paperwork Burden

In August 2004 the union provided a submission to the Senate Community Affairs References Committee as part of the inquiry into Quality and Equity in Aged Care which contained witness statement from a number of members working in residential aged care. Within that submission many of the members identified the amount of paperwork as a significant issue which limited their time to care for residents and often resulted in regular unpaid overtime. This was two and a half years ago, however the system has not changed in that time. Anecdotal evidence would suggest that some members still spend considerable time undertaking paper work reducing both time to care for residents and their own job satisfaction.

In a study by the National Institute of Labour Studies, released in 2004, 68.3% of aged care workers responded that they did not have enough time to care for residents and a further 12.8% were unsure. Only 18.8% of staff responded that they had enough time to care for residents.¹ A recent survey of HSU members in NSW found that 83% of members working in aged care were dissatisfied with the levels of unpaid overtime being worked. Aged care workers do not have enough time to care for residents and are working unpaid overtime which is symptomatic of a system with an absence of mandated minimum staffing levels, but is exacerbated by the paperwork burden which takes time away from direct care.

The anecdotal evidence from members of the union is that extensive paperwork requirements impact on morale and job satisfaction of employees. This was also noted in the Resident Classification Scale Review report of 2003² and has been found in a number of studies cited in the government response to the RCS review.³

¹ Richarson, S. and Martin, B (2004) *The Care of Older Australians: A Picture of the Residential Aged Care Workforce* National Institute of Labour Studies, p33

² Aged Care Evaluation and Management Advisors for the Department of Health and Ageing (2003) *Resident Classification Scale Review*, Commonwealth of Australia.

³ Department of Health and Ageing (2003) *Resident Classification Scale Review Response* Commonwealth of Australia.

Therefore, the union is supportive of measures to reduce the paperwork burden of many of the staff of residential aged care. It is noted that this was one of the impetuses for the change in the system and the union hopes that the ACFI will achieve this.

4. Implications for Accreditation

The ACFI measures care needed, rather than care provided. Therefore the appropriate checks and balances are required within the aged care system to ensure that residents are being provided with the care that they need. This is the role of the quality accreditation system which will need to consider the potential implications of the change in funding instrument.

The RCS Review report of 2004 notes that both the RCS and the Accreditation and Standards process were developed at the same time, possibly leading to what has become an overlapping system. The *Review of Pricing Arrangements in Residential Aged Care* cites the RCS Review report in noting that the introduction of a system based on an assessment of need rather than care provided “would require a strengthened/confirmed role for the accreditation agency to ensure that high quality care, appropriate to the individual, is being delivered.”⁴ The union is not aware of any reviews or reports that would indicate that the implications on the introduction of the ACFI for accreditation have been closely considered.

A review of the implications of the new funding instrument on accreditation should be undertaken. Many of the recommendations regarding the quality accreditation system and agency of the *Review of Pricing Arrangements in Residential Aged Care* and the inquiry into Quality and Equity in Aged Care by the Senate Community Affairs References Committee have not been actioned and it is the position of the union that there should be a comprehensive public, independent, review of the quality standards and accreditation system, and therefore the implications of the change from the RCS to the ACFI, could be included in the broader review.

5. Funding Implications

Whilst the union is supportive of the effort to reduce paperwork, the union is concerned about the levels of funding provided and many of the significant funding issues of the aged care industry which are not addressed by this Bill, or other actions or announcements of government.

The HSU is supportive of additional funds being provided for the care of high care residents, particularly for those with highest care needs (such as severe dementia). The union also welcomes the additional funding outlined in the explanatory memorandum, however requires more information about whether this will be enough to ensure that that low care is not disadvantaged by the introduction of the new system.

The union is aware that originally the funding of the ACFI was to be cost neutral (reducing the funding for some residents to redirect funds to higher care needs) and whilst it is acknowledged that the additional funds within explanatory memorandum would indicate that introduction of the system is no longer cost neutral, there is little publicly available information on all of the funding levels and

⁴ Hogan, WP (2004) *Review of Pricing Arrangements in Residential Aged Care* Commonwealth of Australia, p217.

there has been considerable disquiet about funding of low care from those who seem to have been provided with more detail. The government should immediately publicly release much more detailed information and modelling regarding the full implications to all levels of care of recently announced funding changes, including, but not limited to, the introduction of the ACFI.

As noted in the RCS Review report, a payment model in itself does not determine the amount of the pool of funding, but rather its distribution.⁵ It is important, however, that levels of funding for each level of need, including low care, is sufficient to ensure quality of care. The funding models explored in the *Report on the National Trial of the Aged Care Funding Instrument (ACFI)* are based on a redistribution of funding, with an assumption of cost neutrality, rather than funded at a level of cost to provide quality of care and contains an assumption that the current levels of funding are adequate. The report makes a recommendation about conducting a cost relativities study⁶. Though the introduction of the ACFI is no longer cost neutral, the union is not aware of any evidence that the funding provided has been determined by costing an established benchmark of care.

The funding provided through the ACFI needs to be provided at a level to fund an established benchmark of care, with corresponding mandated minimum staffing levels. There remains no compulsion on providers to utilise government funding to ensure there are enough staff with the appropriate skills and training to provide quality of care for residents, as there are no specific mandated minimum staffing levels. The accreditation standards do include a standard on this particular area but it is too broad, and lacks the specificity needed to ensure staffing levels are sufficient to provide quality of care for residents.

The level of funding provided needs to ensure the capacity for providers to pay wages and conditions that recognise the skill and dedication that staff bring to their work and provide pay parity with the acute care sector. The system needs to ensure that government funding which goes to providers is used to address these issues. In 2004 the government introduced the Conditional Adjustment Payment (CAP) stating that “the new payment will allow providers to increase wages in line with demand in order to attract and retain quality staff.”⁷ The additional funding was necessary, but the conditions placed on the providers to receive the CAP are not related to ensuring that the payment is used to improve wages and conditions of employees and the disparity of wages between the acute care sector and aged care continues as do the skills shortages. There is no evidence that providers have used this payment for the intended purpose. The government should ensure the continued payment of the CAP beyond 2007-08 year currently budgeted, but needs to put conditions on providers about the way it is used. This is a good example of how essential it is that conditions ensure that the government funding provided goes to addressing the issue that it was given for.

⁵ Aged Care Evaluation and Management Advisors for the Department of Health and Ageing (2003) *Resident Classification Scale Review*, Commonwealth of Australia.

⁶ Applied Aged Care Solutions Pty Ltd (2006) *Report on the National Trial of the Aged Care Funding Instrument (ACFI)*

⁷ Minister for Ageing, Julie Bishop, May 2004, *Investing in Australia's Aged Care: More Places, Better Care*

The issue of funding is not limited to the amount provided at any given time, but also goes to the indexation of that funding. In 1999 the Productivity Commission, in its report on *Nursing Home Subsidies* argued that a new indexation system should be introduced as soon as possible, stating that inadequate increases in subsidies would compromise quality of care.⁸ In 2003 a report commissioned by the National Aged Care Alliance and written by Australian Institute for Primary Care, LaTrobe University concluded that the indexation system used was “insufficient to match the (actual) rising costs faced by the sector.”⁹ The report noted that the use of the Safety Net Adjustment, which forms part of the equation to determine the COPO, assumed that the residential aged care sector could match productivity increases of other sectors however, because of the nature of the industry, including the high proportion of labour costs, potential productivity increases are limited. Despite these earlier reports on the problems with the indexation system, it has still not changed.

Therefore there is a need to ensure that there are sufficient funds, appropriately indexed, provided through the ACFI which go directly to providing quality care for residents of both high and low care. Mandated minimum staffing levels would go some way to ensuring this, as would an established and agreed benchmark of care and an improved quality accreditation system.

6. Review

The change from the RCS to the ACFI is a substantial change and therefore the union is advocating for an independent, public review, within one year of the implementation of the ACFI which should include the examination of;

- The overall operation of the ACFI;
- The impact of the ACFI on the paperwork burden;
- Any potential direct or indirect impact on care services provided, particularly in regards to therapy;
- Any potential direct or indirect impact on measurement of quality of care and the role of the accreditation agency; and
- The adequacy of the funding provided through the ACFI, both overall and at different levels.

7. Conclusion

The Health Services Union would welcome any reduction in paperwork for staff of aged care and does not oppose the introduction of the Aged Care Funding Instrument, however as this is a substantial change advocates a review in twelve months to ensure that the system is working effectively. Potential implications of the introduction of the ACFI on the quality accreditation system need to be reviewed.

⁸ Productivity Commission 1999 *Nursing Home Subsidies* Inquiry Report, AusInfo, Canberra.

⁹ Australian Institute for Primary Care LaTrobe University for National Aged Care Alliance (2003) *Residential Aged Care Funding: Fourth Report* www.naca.asn.au

The union is concerned about the level of government funding to be provided through the ACFI and other means and that the system is such that funding is ensured of going to address the issues that it is provided for.