



# Aged Care can't wait



because  
we care

Quality care for older Australians



# Aged Care can't wait

1. Aged care can't wait: right now, Australia's aged care sector **needs more than 20,000 additional nursing staff**<sup>1</sup> to care for older Australians in residential aged care.
2. The shortage is getting worse: Australia's population is ageing, and by 2050, the number of Australians aged 85 and over will quadruple. We'll need to almost triple our aged care workforce to meet this demand — on top of the shortages we're already facing.
3. We need to fix the shortage now so that we aren't starting reform on the back foot. The shortage is already having a real impact: hospitals are shouldering the burden of a shortage of nursing staff in aged care.
4. To attract nurses to aged care, we need to close the wages gap between aged care and hospitals. Nurses in the aged care sector are currently paid between \$168 and \$390 on average less per week than nurses in hospitals.
5. Previous attempts by governments, unions and employers to close the wages gap have not worked. The wages gap is still growing: in fact, it has doubled over the past decade, from \$84 a week in 2002 to upwards of \$168 on average today.
  - Enterprise bargaining dominates the sector, but it's limited because funding for aged care is fixed. Aged care nurses on enterprise agreements are paid \$168 a week on average less than their counterparts in hospitals.
  - One-off injections of government funding have not flowed through to wages. Wage costs per resident per day increased by only \$1.61 per day between 2004 and 2009, even though more than \$800 million was provided to the aged care sector to close the wages gap during that time.
  - The Productivity Commission's recommendations on aged care reform recognise the importance of paying competitive wages — but don't include a mechanism to fix the problem or guarantee any additional funding.
6. We need the Australian Government to act because aged care falls through the cracks. Competition for nursing staff in aged care comes from hospitals — where nurses doing a similar job make between \$168 and \$390 on average more each week.

1. 2009 — Nurses in residential aged care — A report by Access Economics (Table 2.12). Nursing staff are employees principally employed to provide or assist in the provision of nursing care or nursing services. This includes registered nurses, enrolled nurses and assistants in nursing.

7. We are asking the Australian Government to close the wages gap by providing additional funding in the 2012 Budget. In 2011, the gap stands at \$494 million; maintaining competitive wages requires additional recurrent funding of \$97.9 million per annum. Additional funding would deliver competitive wages and address the shortage of nursing staff in aged care.
8. A national framework that provides additional funding to the sector to close the wages gap and is implemented through enterprise bargaining, would fix the shortage of nursing staff in aged care by:
  - Making sure that additional funding goes to wages,
  - Delivering wage increases to nursing and care staff in aged care quickly, while maintaining flexibility at enterprise level, and
  - Putting the aged care sector on firm foundations ahead of reform, and complementing reforms proposed by the Productivity Commission.
9. We are asking for your support to close the wages gap in aged care.

We can't hope to meet future workforce demands unless we address the current shortage of nursing staff in aged care.

### **Aged care can't wait.**



**To get people who can look after these people, as well as people like myself, you've got to be able to keep them. They must be paid more money, otherwise they don't stay. I'm particularly referring to nurses and carers. These people are our family. When they leave, if it's someone we've been trusting for some time and have got to know, it's like losing a family member. When you lose one after another, it's very depressing.**

— Brenda Clarke, Aged Care Resident, ACT

## Aged Care can't wait.

### We need over 20,000 more nursing staff in aged care in Australia today.

- Australia's aged care sector is experiencing a shortage of more than 20,000 nursing staff to provide quality care to older Australians.
- Aged care providers are unable to recruit staff because they can't compete in the labour market for wages. The shortage of staff is putting pressure on existing staff that leads to high turnover in the aged care workforce.
- The staff shortage is getting worse: by 2050, we'll need to almost triple the workforce to meet increasing demand for aged care services of an ageing population.

**There is a shortage of over 20,000 nursing staff in the Australian aged care sector today**

There is a shortage of over 20,000 nursing staff in the Australian aged care sector today, because aged care providers are unable to recruit and retain sufficient nursing staff. Nursing staff are employees principally employed to provide or assist in the provision of nursing care or nursing services. This includes registered nurses, enrolled nurses and assistants in nursing.

## We'll need even more nursing staff in aged care in the future.

### The shortage of nursing staff in aged care is getting worse.

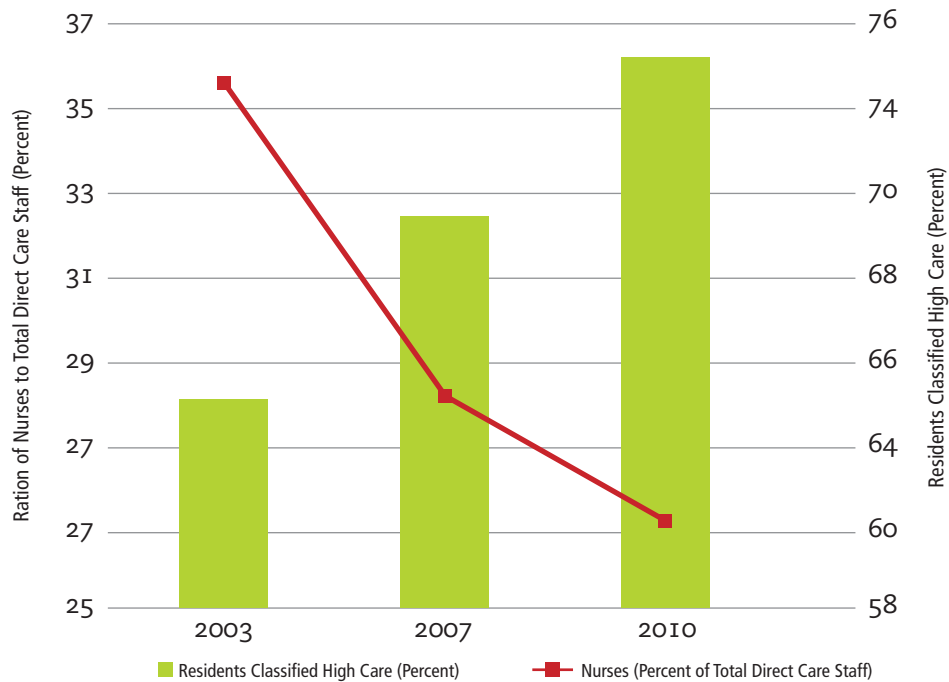
- **The demand for aged care services is increasing as the population ages.** Treasury estimates that in 40 years time, 1.8 million Australians will be aged 85 and over, more than quadruple the number in this age bracket today. This will result in a 150 per cent increase in the number of Australians receiving aged care (DoHA). To meet this increase in demand, the Productivity Commission has estimated that the aged care workforce will need to almost triple.
- **The demand for nursing services in aged care is increasing.** As the population ages, more people are living with chronic disease such as heart failure and diabetes, the incidence of vision and hearing loss, arthritis and osteoporotic fractures is increasing among older Australians, and there is a significant rise in dementia and other neurodegenerative disease. People living with more complex conditions in older age require more nursing care.
- **The nursing workforce is ageing.** The mean average of a registered nurse in a residential aged care facility is about 50 years of age, about five years older than in hospital care. As the nursing workforce reaches retirement age, challenges of recruitment and retention are becoming more acute.

## A shortage of nursing staff is having a real impact on hospitals and aged care: we can't afford to wait.

- The shortage of nursing staff is having a real impact across the aged care sector.
- Registered nurse care in aged care facilities has been shown to improve health outcomes for residents, yet nurses are providing almost 50 per cent less care today than in 2004.
- Hospitals are currently shouldering the burden of a shortage of nursing staff in aged care; the shortage of nursing staff is delaying hospital reform, impacting the health outcomes of aged care residents and increasing care costs.
- Government reforms in hospitals and aged care rely on adequate staffing of aged care; without addressing this shortage, we're starting reform on the back foot.
- Government measures to address staffing shortages in aged care are welcome, but will take effect in the medium to long term; they will not address current shortages.

In 2007, there were nearly 8,000 fewer registered and enrolled nurses working in aged care in than in 1995. The 2009 Bentley's National Residential Aged Care Survey revealed that registered and enrolled nurses are providing almost 50 per cent less care of residents in aged care facilities than in 2004. Today, on average, just 36 minutes of care per resident per day is provided by registered and enrolled nurses in residential aged care.

**Falling Ratio of Nurses and Rising Ratio of Residents Classified High Care**



**Registered nurses provide the kind of care that means that residents are healthier, and are hospitalised less frequently.**

Nurses in aged care provide assessment implementation and evaluation of care to elderly frail residents with complex chronic disease. They provide clinical leadership and governance within a facility. Registered nursing care has been shown to reduce the incidence in aged care services of illnesses such as pneumonia, ulcers, gastrointestinal bleeding, sepsis, shock, physiologic/ metabolic derangement and pulmonary failure. Residents are also less likely to fall and suffer injury as registered nursing hours increase. Registered nurses provide the kind of care that means that residents are healthier, and are hospitalised less frequently.

Conversely, the Australian Medical Association has said that a lack of registered nurses in aged care facilities is an obstacle to providing medical services in aged care facilities. The National Health & Hospitals Reform Commission estimated that 31 per cent of transfers from residential aged care facilities to acute hospitals are potentially avoidable.

Nursing staff in aged care facilities relieve pressure on hospitals and reduce the cost of care for older Australians. In Port Macquarie a nurse practitioner was employed to visit residents in aged care facilities. This reduced admissions of over-65s to the emergency department and saved the Port Macquarie Base Hospital \$1.5 million in a single year.

### **The shortage of nursing staff in aged care means we're starting reform on the back foot.**

The Australian Government is undertaking reform in two important areas: the health and hospitals system and aged care. If the shortage of nursing staff in aged care isn't addressed, reform will be starting on the back foot.

- A key component of **health and hospitals reform** is relieving the pressure on hospitals by ensuring that older Australians are cared for 'in the most appropriate way and not in hospitals when it is not necessary' (Department of Health Fact Sheet, 2011). Currently, the shortage of nursing care in residential aged care facilities is resulting in unnecessary hospitalisation of residents. Failure to address the shortage of nursing staff in aged care will not only delay implementation of health reforms; it will compound the pressure on hospitals and drive up health care costs for older Australians.
- The Government has also resolved to make **aged care reform** 'a second term priority'. The Productivity Commission's recent public inquiry, *Caring for Older Australians*, sets out a path to reform of the aged care sector, to ensure that the sector is resourced and able to meet increasing demand. Many of the Productivity Commission's recommendations rely on adequate staffing of the aged care sector, particularly nursing staff. For example, the proposed role of the Australian Aged Care Regulation Commission and the removal of the distinction between low- and high-care. Each of these recommendations presumes adequate staffing; failure to address this shortage urgently will delay reform of aged care.

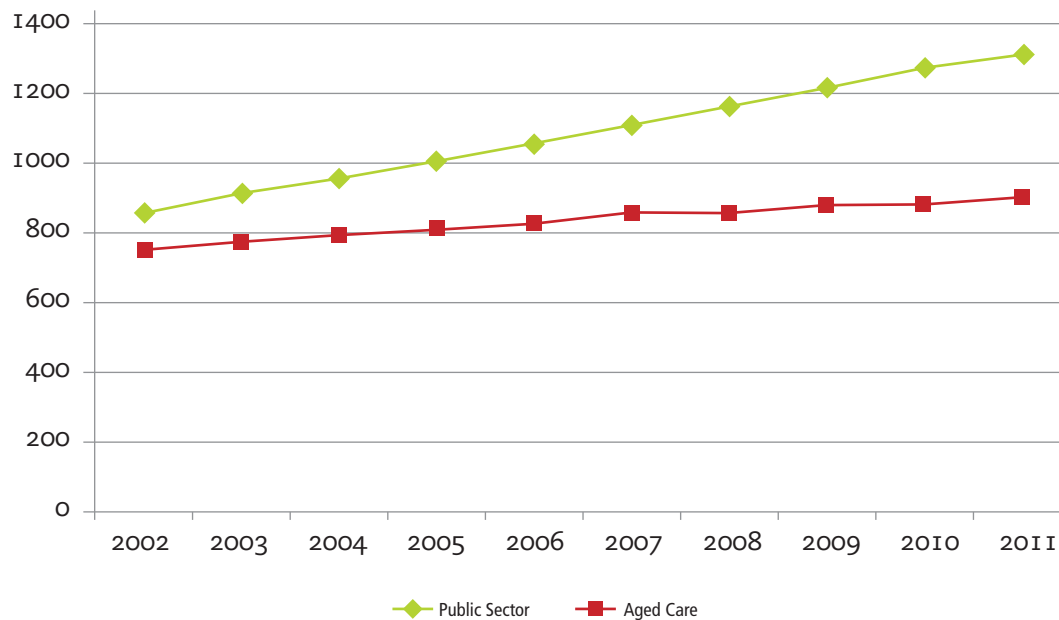
The Australian Government invested in a range of workforce measures in 2010 that include additional training for aged care staff and new nursing scholarships. These measures are welcome, but they won't fix the current shortage of nursing staff in aged care because they are the medium to long term measures.

Acting now on the shortage of nursing staff in aged care will ensure we're not starting reform on the back foot.

## To fix the staffing shortage, we need to close the wages gap.

- To attract nurses to the aged care sector, we need to close the wages gap between aged care and hospitals. Nurses in the aged care sector are currently paid between \$168 and \$390 on average less per week than nurses in hospitals.
- A shortage of staff increases pressure on existing staff, which leads to an increase in turnover and poor retention rates.
- Closing the wages gap is key to improving recruitment and retention of nursing staff.

### National Wage Disparity 2001–2011 between Public Sector Nurses and Aged Care Nurses



**'I like working with the elderly. It's an interesting job that takes in all aspects of nursing. But I am paid around \$10,000 per year less than I would be in a public hospital. They seem to think that because you work with old people they can pay you less.'**

— Terri Burrell, Registered Nurse, Sydney

**The wages gap, on average, has in fact doubled from \$84 in 2002 to upwards of \$168 per week today.**

To attract nurses to the aged care sector, we need to close the wages gap between aged care and hospitals. Nurses in the aged care sector are currently paid between \$168 and \$390 on average less per week than nurses in hospitals.

The shortage of staff means that nurses and other care staff in aged care are working harder, staff to resident ratios are higher and nurses are spending less time with residents. As a result, turnover of staff in residential aged care is a third higher than in hospitals. A 2010 study by the University of Melbourne showed that 44.5 per cent of nursing staff who had left aged care cited working conditions, inadequate staffing levels, poor staff to resident ratios, too much paperwork or poor pay as their reason for leaving. The same study showed that one fifth of the nursing staff workforce interviewed in 2007 were no longer working in aged care by 2010.

We know that closing the wages gap is the key to improving recruitment and retention. Where aged care services have paid competitive wages, recruitment and retention rates have improved. Staff are attracted to the service, and more staff eases the burden on current staff which improves retention.

For example, in Queensland, Blue Care sought to become an employer of choice, and increased wage rates for nursing staff to levels competitive with those offered in Queensland public hospitals. The result was an increase in nursing staff numbers and an improvement in retention rates.

### **Previous attempts by the aged care sector and government to close the wages gap haven't worked: in fact the wages gap has doubled over the last ten years.**

- Over the past decade, governments, employers and unions have attempted to close the wages gap between hospitals and aged care through enterprise bargaining and one-off injections of additional funding to providers.
- These efforts have been unsuccessful; in fact the wages gap has doubled from \$84 in 2002 to upward of \$168 per week on average today.
- To close the wages gap, additional funding needs to be delivered transparently, must be enforceable and effective.

Previous efforts to close the wages gap, through industrial instruments and through extraordinary government investment, have not been successful. The wages gap, on average, has in fact doubled from \$84 in 2002 to upwards of \$168 per week today.

### **Enterprise bargaining has reached its limit: additional funding is needed to deliver competitive wages to aged care.**

Enterprise bargaining between aged care providers, unions and nursing and care staff dominates the sector. Currently, more than 80 per cent of aged care providers have an enterprise agreement in place with their nursing staff. While the award provides an important safety net, aged care providers have had to try and match public sector wages rates to attract staff. Significant gains have been made through bargaining; a nurse in aged care working under an enterprise agreement earns more than \$200 a week more on average than a nurse on the award. Bargaining has also delivered important workplace efficiencies and productivity gains.

But we've reached the limit of bargaining. The fixed funding arrangements for aged care mean that parity with hospital nurse wages can't be achieved without

trade offs in care. Aged care providers argue that their ability to compete in the labour market is diminished by 'inadequate funding and indexation mechanisms.' (PC Draft Report, p. lxiii) Yet aged care nurses on an enterprise agreement still receive upward of \$168 per week less, on average, than their counterparts in hospitals who do a similar job.



**'I've worked as an AiN for 25 years. I stay because I love my job. In that time I've seen our workloads increase and the focus move away from the residents. I'm currently paid \$19.35 per hour. When we ask, we are told there is no funding for more hours or better pay.'**

— Mary Stranaghan, Assistant In Nursing, Brisbane

### **Future funding must flow to deliver competitive wages: we need a transparent and enforceable mechanism to close the wages gap.**

The Australian Government has recognised that aged care is a special case in the past, and on three occasions over the past decade has provided additional funding to close the wages gap:

- In the 2002/2003 Federal Budget, the Government provided \$211.1 million to the aged care sector over 4 years to 'close the wages gap',
- In the 2004/2005 Federal Budget, \$877.8m over 4 years was allocated to assist aged care providers to 'pay competitive wages', and
- In 2010, the Federal Budget provided \$132 million for an aged care sector workforce package.

Despite these investments the wages gap has doubled on average, from \$84 per week in 2002 to upwards of \$168 per week today.

Deregulation of the aged care sector under the previous government resulted in significant growth of the gap in wages between hospitals and aged care. Additional funding provided for wages was not tied to delivery, and so there was no requirement on providers to ensure funding from government flowed through to wages. Similar funding increases were also delivered to hospital care during the same period. The Bentley's 2009 Survey showed that the wages cost for care staff in aged care increased by just \$1.61 per resident per day between 2004 and 2009.

The Productivity Commission recently recommended consideration of competitive wages as a component of care costs. The proposal does not include a mechanism to deliver competitive wages or additional funding. In addition, under this proposal any funding would be unlikely to be delivered before 2016.

**Closing the wages gap requires immediate action and the provision of additional tied funding**

**We need the Australian Government to fix the shortage of nursing staff in aged care by closing the wages gap between aged and hospital care.**

- Investment of \$494 million delivered in the 2012 Federal Budget can close the wages gap between aged and hospital care. Additional investment to maintain competitive wages would require additional funding of \$97.9 million per annum indexed.
- Aged care falls through the cracks — only the Australian Government can close the wages gap in aged care.

The cost of closing the wages gap between aged and hospital care for nursing staff would cost \$494 million in 2012. The cost of maintaining competitive wages would be an additional \$97.9 million indexed per annum. This investment would deliver competitive wages to aged care, and address the nursing staff shortages, putting aged care on firm foundations ahead of sector reform.

Aged care falls through the cracks, and only the Australian Government can close the wages gap in aged care. This is because competition for nursing staff in aged care comes from hospitals where nurses doing a similar job make between \$168 and \$390 on average more each week. The Productivity Commission in its Draft Report recognised this, noting that ‘the wage disparity between nurses in different sectors will not be resolved through the Fair Work Australia cases...’ (Productivity Commission 2011, p. 364).

**We can close the wages gap now through a National Framework agreement between government, aged care providers and nursing staff.**

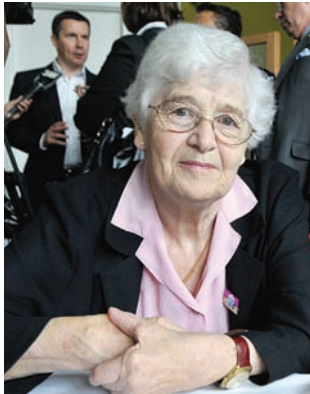
- A National Framework agreement providing additional funding to close the wages gap and implemented through enterprise bargaining is the best mechanism to deliver competitive wages in aged care.
- This mechanism remedies the failures of the past, by making sure additional funding goes to wages and delivering competitive wages quickly and with minimal disruption.
- This complements the Productivity Commission’s proposed reforms, by providing a mechanism to deliver competitive wages and putting the aged care sector on firm foundations ahead of reform.

Closing the wages gap requires immediate action and the provision of additional tied funding; it also requires an efficient and effective mechanism to avoid repeating the mistakes of the past. An effective mechanism to deliver competitive wages for nursing staff in aged care would:

- Deliver additional funding to aged care for the purpose of closing the wages gap,
- Ensure that additional funding flowed through to wages,
- Delivered additional funding to wages quickly, with minimal disruption to the sector, and
- Complement the proposed reforms of the Productivity Commission.

A National Framework agreement between government, aged care providers and nursing staff would be an appropriate mechanism to deliver competitive wages to aged care. Under the agreement, funding would be delivered through enterprise bargaining and would:

- Enable aged care providers to access additional funding to pay competitive wages to nursing and care staff while maintaining care standards and enterprise flexibility;
- Guarantee that additional funding flowed through to wages through an enforceable industrial instrument that preserves existing sector industrial arrangements; and
- Deliver competitive wages to the sector quickly and effectively, complementing proposed reforms, and addressing existing staffing shortages.



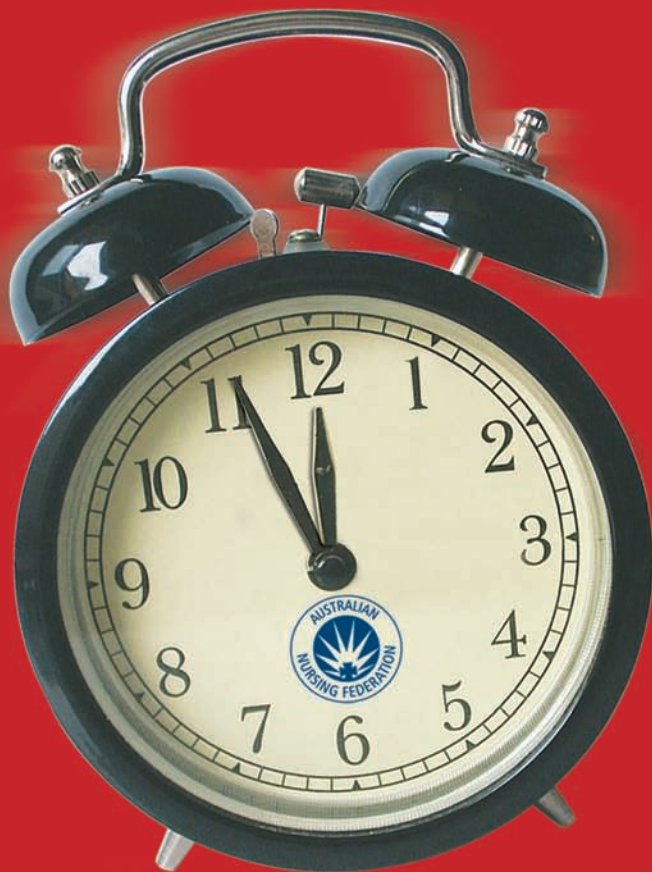
**'The care of aged care residents would be improved with the right number of staff, the right mix of staff, improved stability of staff and proper pay. Aged care facilities are run on a shoestring.'**

— Patricia Kun, Aged Care Resident

### **We need your help.**

We are asking for your support to close the wages gap in aged care, by supporting our claim for additional funding to be provided in the 2012 Federal Budget.

Your support for this claim would help fix the shortage of nursing staff in aged care, deliver important improvements in care quality in aged care, and place aged care on firm foundations ahead of reform.



# Aged Care can't wait



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