

Aged & Community Services
Western Australia



Aged & Community Services
Western • Australia • Incorporated

Submission to the Government of Western Australia

State Budget 2012 - 2013

Executive Summary

Aged & Community Services WA (ACSWA) is the peak industry body representing the church and charitable, and not-for profit organisations and groups that provide residential and community care for older Western Australians. Our members provide services throughout the State in metropolitan, rural and remote locations, and collectively manage:

- 7,536 residential aged care beds
- 7,115 independent living units
- 49 day care centres
- 2,000 community care packages and over \$57.5 million in Home and Community Care funding.

ACSWA is vitally concerned with the provision of quality aged and community care services to current and future generations of older Western Australians and we urge the WA Government to make aged care a priority for the 2012-2013 Budget.

Successive recent reviews related to aged care have collectively made the case that our current aged care system requires urgent reform if Australia is to be able to sustainably provide appropriate care for its growing and ageing population. The most recent of these reviews being the Productivity Commission Inquiry into Caring for Older Australians (June 2011) concluded that significant reform was required to respond to future challenges associated with the increase in the number of older people and incidence of age-related disability and disease, especially dementia.

The Report acknowledged and recognised weaknesses in the current system including: Aged care services are limited and inflexible; there are gaps in services and limited choices for individuals, as well as variances in quality, particularly across accommodation; the system is difficult for older people and their families to navigate; pricing, subsidies and user contributions are inconsistent and inequitable within and between care settings and, in some cases, across Australia. As well, workforce shortages are being exacerbated by uncompetitive wages, and the current rationing of services generates the need for complex, overlapping and costly regulations.

These pressures on the system will increase further as the number and expectations of older Australians increase.

A Western Australian Perspective

For many years Western Australians have felt the brunt of the inadequacies of the current aged care system, especially given the State's size, remoteness and unique circumstances.

The WA population is growing at a faster rate than most other States and Territories in Australia. The proportion of the WA population aged 65 and over is projected to increase substantially in comparison to all other age groups. Current Australian Bureau of Statistics (ABS) data (March 2011) indicates that 12.1% of the State's population is aged 65 and over, and this rate will increase to 19.2% by 2035. Patterns of mortality and morbidity are changing as a result of increasing life expectancy, with a higher proportion of older Western Australians having chronic and complex health conditions that place challenges and demands on aged care services, health and support systems.

WA aged care providers have distinct challenges that impact on their ability to provide sustainable aged care services including inflationary pressures above most of the nation, issues related to the availability and accessibility of large land lots in metropolitan areas of WA to build new aged care facilities, escalating construction costs, soaring utility costs and workforce issues (as outlined below). As a consequence of these challenges aged care providers in WA are unable to make a business case for further investment in aged care.

Community care providers have reduced their client contact time as they can no longer absorb increasing operational expenditure, including wages and increasing fuel costs. In addition, between 2007 and 2011 only 39% of the available residential aged care beds were taken up by providers in WA, and record numbers were handed back to the Commonwealth because providers can no longer make a business case for further expansion.

This has severe ramifications for the WA health system as increasing numbers of aged persons with complex care needs will be accommodated in public hospital settings while they await access to residential or community care. The National Health and Hospital Reform Commission (2009) estimated that 3% of public hospital beds are occupied by older persons awaiting access to residential care.

Given the disproportionate costs of caring for an older person in a hospital setting (\$1117 per day) in comparison to the subsidy paid to care for a person in a residential care facility (maximum amount \$162 per day) or being cared for in their own home and community, this is a major cost shift that has serious ramifications for hospital funding.

Workforce issues in aged care are also problematic and will intensify as a result of increasing competition for workers, and a sharp predicted attrition of aged care workers, who themselves are ageing. This will occur during the time where there is a projected doubling of the population aged 65 and over (between 2003 and 2031) based on trend analysis by the ABS, and a dramatic increase in the population aged over 80 years.

The ACSWA Workforce Action Review Taskforce Report (2008) and the WA Chamber of Commerce identified that serious labour shortages have impacted on the aged care sector, particularly in rural and remote areas, and attributed this problem to:

- the economic conditions in WA meaning that the aged care sector cannot compete with other sectors for labour;
- an undersupply of aged care residential places, causing pressure on public hospitals, themselves requiring staff;
- changing social and demographic trends requiring additional paid care for the aged population;
- an ageing workforce;
- the relatively poor image of the sector making attraction and recruitment difficult; and
- the increasing number of administrative, regulatory and compliance burdens being placed on an already stretched workforce.

With the economic climate heating up again in WA this situation is likely to arise once again, particularly in light of economic modelling undertaken by the WA Chamber of Commerce and Industry that has predicted there will be shortfall of 150,000 workers in WA by 2017 if average economic growth such as that over the preceding six years is maintained (*CCI WA 2009*). The Productivity Commission acknowledges that lifting constraints on the supply of aged care services will significantly impact the demand for aged care workers. This will be critical in WA where the demand for workers is likely to be greater than elsewhere.

Whilst WA's size and remoteness present unique challenges for this State's aged care sector, WA faces further pressures in relation to its Home and Community Care (HACC) Program. The WA Health Department Aged and Continuing Care Directorate contacted ACSWA in June 2011 to consult on the WA HACC program and seek our advice as the peak body for aged and community care in WA. This consultation specifically related to Clause 63A of the National Health Reform Heads of Agreement of February 2011.

ACSWA was advised that this consultation was to seek feedback in order to inform the Department of Health's position in providing advice to the WA Government in relation to the roles and responsibilities for HACC aged care and disability services. Since 2009 there has been a general view held amongst consumer groups and industry that HACC would eventually move to the Commonwealth, as it has done in every State except Victoria. ACSWA's advice to the Department was consistent with this long held view, indicating that on balance ACSWA supported the move of the WA HACC program to the Commonwealth, as bringing HACC under one banner would support the potential to streamline current services, provide higher efficiencies for funding models, and improve coordination of services to consumers.

The WA Government subsequently announced as part of the National Health Agreement that HACC in WA would continue to be delivered by Western Australia as a joint Commonwealth-State funded program. The WA Government has made the decision to continue its responsibility for delivery of the WA HACC program into the future.

The State's decision in the 2011 Budget to boost funding by \$604 million to WA's welfare sector excluded HACC providers. This decision has put further pressure on all providers in a system that is already facing significant workforce challenges, and increases pay and conditions equity for workers with comparable qualifications in the Mental Health, Disability and Aged Care sectors.

The HACC sector in WA is not in a position to absorb comparative wage increases for staff into their current unit costs and remain competitive within the HACC benchmarks outlined as part of the Department of Health's 'value for money' assessment. In consulting with member HACC providers it is estimated that current wages bear 75% of the burden on the unit pricing.

If this wage disparity is not urgently addressed the aged care sector will be under increased pressure and will continue to struggle to respond to workforce issues, with reduced ability to provide continuity of staffing to existing consumers, reduced ability for providers to be competitive in the labour market, and higher portability rates of staff leaving the aged care sector to work in comparable positions with higher rates of pay.

These added pressures are occurring at a time where there is major reform with the implementation of the WA HACC Assessment Framework, where WA HACC providers are experiencing reductions of up to 50% in client numbers and service hours in the first six months following the implementation. In ACSWA's latest survey of members conducted in September 2011, 88% of respondents continue to report a reduction in HACC referrals and delivered HACC hours.

The 2012 – 2013 Budget

The aged and community care sector, in Western Australia in particular, is facing critical challenges that require immediate response. ACSWA is calling on the State to respond to urgent pressures and take immediate action to address the following matters in the 2012/13 Budget:

- The WA Government has made the decision to maintain its responsibility for delivery of the WA HACC program into the future. The State Government now has an obligation to WA HACC providers to extend the 'welfare services funding boost' in the 2012/13 Budget.
- With WA's broad and immediate demographic challenges it is imperative that our State government gives greater priority and attention to seniors' issues and to aged care in this State. This would be better accomplished by having ageing and aged care elevated to a senior cabinet position and policies developed and implemented across Government to meet the needs of older Western Australians. ACSWA supports the call from Council on the Ageing WA (COTA WA) for this to occur.
- Current workforce challenges provide a significant barrier to realising the provision of quality health care for older Western Australians. ACSWA urges the Government to include funding strategies to address the need for a skilled aged care workforce, including the need for flexible skilled and non-skilled migration programs for WA.

The July 2011 announcement that Perth is to be classified as a region to allow the use of the Regional Sponsored Migration Scheme (RSMS) in the metropolitan area was initially considered an important step for the aged care industry to address WA workforce needs. However, whilst Perth has been declared a region to allow use of the regional sponsored migration scheme, care workers have effectively been excluded. ACSWA is calling on the State to support the industry's call for changes to be made to this Migration scheme to extend the scheme to care workers and overcome this issue for the sector.

- There is a need to ensure more equitable access to health care that will minimise avoidable hospital admissions, improve health outcomes and promote quality of life for older persons in WA. The provision of timely and accessible multidisciplinary primary health care services to residents in aged care homes and community settings would reduce unnecessary presentations to emergency departments and acute care settings. ACSWA provided input into the WA Primary Health Care Strategy consultation and highlighted this inequity of primary care provision during that process.

Summary

ACSWA is vitally concerned with the provision of quality aged and community care services to current and future generations of older Western Australians and we urge the Government to make aged care a priority for the 2012-2013 Budget.