ANF (Vic Branch)

Submission to the Productivity Commission on Nursing Home Subsidies

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1. INTRODUCTION

ANF (Vic Branch) welcomes the opportunity to submit their views to the Productivity Commission on the proposed coalescence of residential aged care funding to a National Subsidy rate.

We wish to state very strongly to the Commission that any decision or recommendations made by it in relation to this issue must be made with regard to:

1. **The maintenance of access for residents on the basis of need;**
2. **Enhancement of quality of care by ensuring that providers across the industry are adequately resourced to achieve certification, meet current nursing care standards and continually improve standards into the future**
3. **An outcome for nursing staff that will address work related injury rates;**
4. **The need for recruitment and retention of skilled and experienced Registered & Enrolled Nurses (Division One and Division Two) to ensure the continued quality of health services and viability of this sector.**

It should be recognised that the residential aged care sector plays a vital role in health care provision to the older population by relieving pressure and reducing the cost burden to the tax payer in relation to other sectors such as acute health.

The ANF represents nurses across all sectors of health. Accordingly we are in a unique position to comment on the provision of care to older people and to gain an overarching perspective on the future needs of the residential aged care sector and its relationship with acute health, rehabilitation and community care services.

We ask the Commission to view carefully the immediate and future needs of high care residents particularly in relation to the restructuring of funding for delivery of acute health services in Australia, including the introduction of case mix funding and to ensure that funding is equitably provided to enable the provision of the complex care now needed by our elderly in residential aged care facilities.

As stated by Associate Professor S G Garrett in her Editorial to the Collegian (June 98):

"People do not die of normal old age in residential care, they die of age associated health care problems. Preventive care is not delivered by good will alone. Healthy old people die of old age at home. Palliation and dementia care require constant vigilant observation and the ability to make clinical decisions based on knowledge and skill. The pendulum has swung too far in the direction of the social view of care. The subjugation of health and illness care is evident and beginning to have ramifications for the quality of care" (SEE ATTACHMENT ONE 1).

The ANF ((Vic Branch) believes that experienced qualified Registered Nurses form the foundation for ensuring that the best possible care is provided. If the residential aged care sector is to succeed in meeting the needs and expectations of the community, then the role of qualified registered nurses should be increased, through Government policies and requirements.

2. RECOMMENDATIONS

ANF (Vic Branch) is concerned that the proposed coalescence to a National Subsidy will effectively reduce Victorian access to funds by some many millions of dollars (variously estimated by Industry groups) at a time when Victoria needs funds to improve care standards and rebuild and refurbish infrastructure. Some 30% of Nursing Homes in Victoria have not met Certification requirements (Department of Health and Family Services statistics - August 1998). In addition, Victorian residential aged care providers need funds to give nursing staff parity of pay with other nurses in the state if the sector is to attract and retain skilled experienced gerontic nurses. If this problem is not addressed then the industry will not be able to meet the standards required, and the cost burden will shift to other areas, with the problem growing over time.

The overwhelming experience of the ANF (Vic Branch) in the last 12 months, since the abolition of CAM, SAM, OCHRE funding is that care hours in nursing homes, particularly care hours by qualified registered nurses are being cut. In addition, qualified registered nurses are increasingly being asked to carry out duties such as laundry, cleaning and catering previously excluded by SAM funding. This reduces time available for care and usually follows a reduction in a proprietors spending on environmental staff. Coalescence will have a direct impact on the quality and level of care residents receive in Victoria. This outcome will have negative health and social consequences for frail older residents who are either residing or likely to reside in a nursing home in the future. Further, it will reflect an attitude towards the care of our frail older population which disregards their rights and their need to have ready access to the best possible health and aged care.

Recommendations

1. That the Federal Government not proceed to coalesce subsidies for residential aged care services to a National Rate.

2. That over the next 12 months, the Commonwealth Government, in partnership with the ANF and other nursing organisations, commission extensive independent research which documents and evaluates inputs that combine to maximise resident care and quality of life in nursing homes. Those conducting the research need to have a background in the field of residential aged care and be independent of industry and Government.

   That upon receipt of this independent research and evaluation of data, the stake holders, including industry representatives and nursing organisations, negotiate a new funding methodology with the Government. The funding methodology will combine with the applicable Resident Classification Instrument or Scale to ensure that in each State and Territory, providers are able to sustain an appropriate nursing skills mix to ensure quality outcomes satisfactory to older persons and their carers.

This skills mix will be informed by the research and data referred to above.

3. The funding methodology must recognise factors including local labour supply, wage rates and awards applicable in each state.

4. That the future funding methodology be tied to the nursing skills mix and staff inputs, including a baseline mix of skilled staff, informed by the research referred to above. If providers are not able to provide the minimum staffing inputs, then agreement must be reached by the stakeholders on how these providers are to be regarded and treated.

   The ANF believes that this should involve a process of accountability ensuring that each nursing home proprietor is providing a level of nursing and personal care to each resident, based on that residents' assessed needs.

5. Funding must be indexed according to realistic cost demands on proprietors. This should occur quarterly so that proprietors can promptly meet additional costs. The funding methodology must also recognise various levels of need, and ensure those providing for more complex care needs be rewarded accordingly.

6. Immediately and prior to 1 July 1999, the Department should consult with stakeholders including industry representatives and ANF state branches on a State and Territory basis, to negotiate adjustment to subsidies (to take effect on 1 July 1999) which will alleviate current State and Territory problems. This must include adjusting funding to ensure nurses in each State and Territory are paid rates of pay comparable to their colleagues in the public acute sector.

7. That providers of all residential aged care services be required to display in each facility and to provide to residents and relatives, the staffing details on each shift including the relevant qualifications and experience of staff, the registered nurse to patient ratio and how many hours of nursing care and observation a resident can expect to receive from a registered nurse each day.

8. That all staff caring for residents in residential aged care facilities be required to wear a pin/badge of reasonable size which states the most relevant of their qualifications to provide care.

3. THE VICTORIAN HEALTH & AGED CARE SECTOR

In 1993 the Victorian Government introduced Casemix DRG funding for Public Hospitals concurrent with significant marked budget cuts.

3.1 Budget Cuts

Around the same time as introducing case mix funding, the Government commenced a program of cuts which achieved a target of removing $500M per annum recurrent funding across health, aged care and the community services budgets. This target was announced in 1992 and achieved by 1995. This placed significant pressure on the health, aged care and community services systems. The consequent reduction in average lengths of stay in acute hospitals, and closure of beds and services has shifted much of the burden of care, including post acute care, to nursing homes and other aged care services.

3.2 Shortage of Qualified Nurses

A significant and well documented shortage of qualified nurses has ensued in recent years throughout metropolitan Melbourne in Aged Care. The problem is considerable worse in areas such as Metro Melbourne. This problem has been examined in recent research by Professor Rhonda Nay and Bernie Closs of Latrobe University titled "Recruitment and Retention of Qualified Nursing Staff in Long Term Care of Older People".

In 1996 the ANF together with industry stakeholders surveyed the health system with the results revealing shortages in aged care compounded in recent years by the growing disparity in wage rates. (See "skills mix and rates of pay). This survey revealed a growing shortage of both Division 1 and 2 Nurses.

Alongside Registered Nurses Division 1, Enrolled Nurses Division 2 have been the foundation of residential aged care service provision for decades. This shortage is having ramifications for proprietors and affecting their ability to deliver quality outcomes, and must be addressed as a matter of priority.

3.2.1 Shortage of Enrolled Nurses

The Melbourne School for Enrolled Nurses was closed by the Victorian Government in November 1993 with subsequent closure of nine (9) public hospital based training schools over the following 12 months. This reduced the output of trained ENs from 1,000 per annum to 120 P.A. across the state until 1996 when EN training commenced in TAFE but only 250 places were funded by the State. As 80 - 90% of ENs are employed in private and public aged care, this has meant a marked shift of the cost of training for 50 - 60% of the workforce from the public sector to the providers of aged care. Training costs were never indexed into the old care

aggregate module (CAM) - nor are they currently indexed into Commonwealth funding of the RCS.

There are very few ENs now employed in the acute sector as Casemix funding focuses nursing care into acute, complex and short stay episodes of care.

3.3 Victoria's low provision of acute and residential aged care beds

Victoria now has the least number of acute care beds per head of population of any State/Territory in Australia and the lowest cost per bed day by treated case.

Victoria has the lowest number of nursing home beds per 1,000 population over 75 years of age of any state or territory; less than 42, and still far less than the benchmark of 50 hostel beds. Federal funding for hostel places in Victoria is lower than the national average.

The recent closure of State Government nursing home beds means that the figure of 42 nursing home beds will have dropped significantly further.

Approximately 1500 - 1700 acute beds have been closed in the state over the past 4/5 years. Early discharge and the low number of nursing home beds combined with the fact that over 2/3 of admissions to nursing homes are from hospital ie. following an acute episode of care, means that the acuity and complexity of nursing care required in our nursing homes is **very** high.
Much of this was not reflected in RCI statistics and may be responsible for the fact that with the introduction of the RCS in October 1997, on average Victorian transition to the new tool (RCS) saw a higher rise in categories than any other state.

The lower number of acute beds and nursing home beds has increasingly placed pressure on Community Services for the Aged (HACC). Over the past three years, these services have been largely tendered out to the private sector by State and Local Government. Much higher levels of dependency in the community are now reported by District Nurses and Community Nurses (ACATS) than ever before.

3.3.1 Victorian Problems with the new RCS

In previous research (Braithwaite 1991) the interstate reliability of the data collected by the RCI was questioned. This research is supported by anecdotal nursing comment ie. Victorian residents high dependency and complexity was not adequately recognised by the funding tool - nor adequately rewarded; Victorian residents are considerably more dependent than the RCI demonstrated compared to other states. This, as outlined above, is likely to be due to low residential aged care bed numbers and a shortage of other alternatives for residents with complex and post acute care needs who might otherwise be in an acute hospital bed, rehabilitation bed or other service.

3.4 State Government privatisation and closure of state nursing home, interim care and rehabilitation beds

Along with the above changes, the Victorian State Government has embarked upon the privatisation of at least 3,000 public nursing home beds. Many of these beds are being moved out of large state Geriatric Specialist facilities. Many of these beds were being funded with state "top up" funding as interim care or slow stream rehabilitation beds. These directions recently involved the closure of up to a further 250 nursing home beds and the conversion of 120 beds to a Pilot Nursing Home Care in the Home Program in recent months. To date this had led to the onset of "bed blockers" in the acute sector. This sounds a warning against the temptation to continue closures in State Aged Care, rehabilitation and interim care services.

The cost in $ of "Outliers" in acute beds is far greater than placing these elderly patients in well staffed appropriately care oriented nursing homes, interim nursing homes and rehabilitation services.

3.5 Victoria's Residential Aged Care and Related Services are Highly Cost Effective

The Productivity Commission is referred to figures from the Report on Government Services Volume 2, Steering Committee for the Review of Commonwealth/State Service Provision, 1998 Chaired by Professor Scales **(ATTACHMENT TWO 2).**

These figures demonstrate quite clearly that the supposed advantage for Victoria in higher funding for the standard hourly rate does not translate into higher costs for services for the Victorian elderly. Effectively the average cost of a nursing home bed in Victoria 1996-97 was $1,310 which is lower than NSW, SA, TAS, and the NT and lower than the National average.

<u>To reduce it even further through coalescence would be to disadvantage the Victorian elderly in residential care.</u>

The cost of Nursing Home, Hostel and CACP services for Victorian elderly in June 1996-97 was $1,627, the third lowest of all states and well below the National average of $1,736.

Given we are the state nearest to the Commonwealth's benchmarks for service places and perhaps the most efficient state in the provision of these services, to further reduce our funding for high care places would punish efficiency and create greater disparity in state by state funding. Conversely it could be seen to reward some other states' inefficiency by increasing their funding. (See 3.6)

For the past twelve (12) years, government policy has been to "target" services so that those most in need, receive care. This must be equitable across all states and territories. We believe the Commonwealth would want the most dependent residents in the system to receive relatively higher funding for their care.

3.6 Targeting Those who Need Care Most

There is some suggestion when one examines the history of RCI funding by state that there have been attempts to contain "category creep" within states to maintain a budget balance between states - over and above the RCI distribution. This supports the argument by Braithwaite etal that the RCI data is not reliable when comparing on an interstate basis. Attached is Commonwealth Department data from the RCS Review for the period January 1998 to May/June 1998 which may demonstrate a very heavy budgetary hand is used by the Department in Victoria. **(ATTACHMENT THREE 3).**

ANF (Vic Branch) therefore argues that three issues must be addressed with regard to High Care funding in particular:

1. States be encouraged to better target services to achieve Commonwealth benchmarks and that they should be rewarded for this.

2. That interstate differences revealed in the Reviewing of the RCS by the Department of Health & Family Services be actively discouraged and eliminated by the Department of Health & Family Services.

This financial year (98199), the Victorian Government is proposing to introduce output based funding for HACC services. This effectively means that for the same funding, service providers must achieve productivity gains by achieving high targets to avoid financial penalties. The targets proposed so far by the Department are unrealistic. If they proceed, it will diminish service quality resulting in additional cost and a shift of the burden of care to institutional settings including hospitals, nursing homes and hostels. This will place enormous pressure on service provision and in the ANF's view create unsustainable pressure on our district nursing services.

Currently nationally 10% of nursing home beds are estimated to be occupied by residents receiving palliative care (by DRG casemix description) see Research Paper Flinders University **(ATTACHMENT FOUR 4)**. 85% of separations from Nursing Homes are (95196) as a result of death. 35% of residents stay less than six months. Many nursing home beds are also occupied by people requiring rehabilitation and other acute services.

This turnover of residents and the intensive nature of care now required in nursing homes is not adequately funded through a tool such as the RCS and must be taken into account in any decision made to review funding or indexing funding to this sector.

4 MAINTENANCE OF QUALIFIED STAFF IN AGED CARE IN VICTORIA

4.1 Ability of the residential aged care sector to recruit and retain registered nurses

The acuity and complexity of care required by most High Care recipients in Victorian homes today demonstrates the need for a stable skilled specialist gerontic nursing workforce.

Victoria is currently struggling to maintain such an appropriate workforce. This problem has worsened in the past 3 years due to a growing disparity in wage rates for nurses in residential aged care compared with their colleagues in other sectors, with increased workloads and responsibilities and work injury rates which are exacerbated by the removal of CAM, SAM, OCHRE boundaries.

Wage rises for nurses in the public and private acute and all other sectors of nursing in the state have left the aged care sector behind due to the employers unwillingness or incapacity to accommodate similar increases. All nurses in Victoria are covered by the same Federal Award and have access to the same career structure and classifications.

4.1.2 Wage Differentials

Two enterprise agreements delivering wage increases to nurses working in Aged Care have been negotiated in Victoria, both of these in Public Aged Care services only. One in 1995 giving an increase in wages of 10% in 5%, 2% and 3% increases over 18 months; the second in 1997 giving 11 % in 3%, 3%, 3% and 2% over three years. These wage increases are currently funded by the State Government and are in line with Agreements applicable across the entire public sector.

Since August 1991, the only wage increases achieved for nurses in private aged care have been safety net increases $8, $8, $8, and more recently either $10, $12 or $14. This has left a wage disparity of between 13 - 15% currently which will rise to a potential disparity of around 18% - 20% in the year 2000 depending on classification. (Victorian rates of pay).

This, combined with EN training reductions referred to earlier has led to a serious shortage of qualified staff and inability of the sector to recruit and or retain experienced registered nurses.

Further coalescence will place an intolerable funding burden on Victorian nursing homes. **See Section 5.**

4.2 Victorian Workforce Research

Attached are copies of recent staff surveys of the residential aged care sector -

ANF (Vic Branch) Survey 1998 (ATTACHMENT FIVE 5)

Prof. Rhonda Nay Survey 1997 (NARI) (ATTACHMENT SIX 6)

These surveys referred to in paragraph 3.2 demonstrate many of the difficulties being experienced by the industry with its workforce.

4.3 Overseas Experience

Maintenance of the residential aged care sectors vital role in provision of efficient effective and appropriate services to the elderly will only occur if sufficient levels of care by registered nurses is maintained so that aged care can compliment and support acute and community services. A startling example of what depths the industry can sink to, if sufficient numbers of registered nurses are not retained by the industry is demonstrated in the American experience. We attach copies of extracts from a recent Institute of Medicine (USA) Report and media reports for your information**. (SEE ATTACHMENT SEVEN 7).**

The USA industry is beset by the expectation of providers for huge profits and inability (or lack of desire to sacrifice profits) to have proper levels of skilled registered nurses or provide wage parity for gerontic nurses.

This had led to a reliance on a transient, very low paid, untrained workforce. This in turn has resulted in the most undesirable or at least questionable practises and an inability of the industry to provide the most basic of health care needs. The result is, by any measure, abuse of the worst and most inhuman kind on those in our community who are vulnerable and unable to protect themselves. A situation we believe must not be tolerated by the Commonwealth Government.

American studies have confirmed that positive and efficiently achieved health outcomes are linked to the presence and higher ratio of registered nurses. This is detailed in "Implementing Nursing's Report Card - A Study of RN Staffing, Length of Stay and Patient Outcomes" **(SEE ATTACHMENT 8)**

4.4 Registered Nurses, Quality Assurance and Better Health Care Outcomes

The current push by both the Provider Organisations and the Department itself to move to a "generic" industry trained worker (non-nurse) is demonstrated by the American experience to be fraught with danger. The ANF warns that if Australia wishes to maintain an efficient effective and humane aged care system, the erosion of the skills and qualifications of staff should be strenuously avoided.

In workplaces such as nursing homes, where nurses are the only health professionals present constantly, their role in setting and maintaining standards is critical. Increasingly since October 1997, complaints received by the Commonwealth Department of Health in Melbourne have been from nursing staff. This is a reflection of changes to accountability and monitoring arrangements by the Federal Government. ANF (Vic Branch) can support this data if required by the Commission.

The ANF believes that the recent (August 6 1998) removal by the Federal Government of the legislative requirement to provide 24 hour qualified nursing care to High Care Residents, is an abrogation of responsibility by the Government. One of the reasons given by Department staff for this removal was that the Government did not fund enough $s to maintain a 24 hour Nurse presence in small facilities. We believe this removal of a legislative requirement will lead to an erosion and inconsistent outcomes of care - especially in rural and isolated areas. It will also lead to inequities for residents who cannot afford to pay for their care and access better staffed facilities.

4.4.1 Occupational Licensing of Nurses

All registered nurses are bound by ethical and professional standards of practice and care. They are rightly held in high esteem by the community and their clients. They are urged by their regulatory authorities to advocate for their patients/residents.

Registered Nurses are also required by the authorities which regulate their practice, to meet professional standards or lose their right to practice. No such standards are placed upon unregulated workers.

We note with interest the statement by the Industry Commission in its Review of Regulation 1995 Report that:

"Occupational Licensing is often implemented on the grounds that it will raise standards and provide a better guarantee to users of a service. This can be especially important when consumers are infrequent participants in a market, and so may have inadequate information about the market.

Another reason to license some occupations is that it may be better to exclude incompetent or dishonest practitioners before they do some damage rather than deal with the consequences of their actions later - as in the case of road users who could be hurt as a consequence of shoddy repairs to a vehicle".

Industry Commission
1994/95 Annual Report
Regulation and it's Review

The ANF is pleased that the Commission has taken this view and would therefore see the need to maintain Registered Nurses as critical in the provision of Residential Aged Care.

5 VICTORIAN RATES OF PAY

The ANF (Victorian Branch) believes that community expectations and the rights of nursing home and hostel residents dictates that the Commission must give consideration to the ability of the industry to recruit and retain a mix of qualified registered nurses.

In the past, the Victorian nursing home industry had in place a baseline skills mix and a nurse to patient ratio based on the state regulations and later on Clause 16 of the Nurses (Victorian Health Services) Award 1992. For the last few years, it has been difficult for some proprietors to meet this skills mix, particularly in Metro Melbourne where there is a shortage of Enrolled Nurses (Division 2). Some proprietors have shown a marked lack of interest in meeting adequate staffing ratios or an appropriate skills mix.

There is now an increasing shortage of Registered Nurses (Division 1) prepared to take up work in residential aged care. Spiralling workloads and the increasing disparity in rates of pay between the private and public acute sectors and the private residential aged care sector have compounded this problem.

Attached are comparative rates of pay for RN (Division 1) and EN (Division 2) for the public acute sector, private acute sector (AHC Group of hospitals) and nursing homes/residential aged care. We have also attached rates of pay for Personal Care Workers and Nursing Attendants (Assistants in Nursing). **(SEE ATTACHMENT 11)**

A comparative table of hourly rates is set out below:

5.1 Enrolled Nurse Division 2 - Hourly Rates of Pay

	Public Sector	Australian Health Care Pty Ltd	Private Aged Care
Pay Point 1	$13.70	$13.51	$12.56
Pay Point 2	$13.98	$13.79	$12.80
Pay Point 3	$14.26	$14.07	$13.05
Pay Point 4	$14.58	$14.38	$13.30
Pay Point 5	$14.87	$14.67	$13.55

5.2 Enrolled Nurse Division 2 - Weekly Rates of Pay (38 Hours)

	Public Sector	Australian Health Care Pty Ltd	Private Aged Care
Pay Point 1	$520.00	$513.70	$477.30
Pay Point 2	$531.50	$524.30	$486.75
Pay Point 3	$542.00	$534.80	$496.15
Pay Point 4	$554.10	$546.50	$505.55
Pay Point 5	$565.30	$557.60	$515.05

Note 1

The private and public acute sector pay rates are set to increase in the next 2 years by 5 - 6% and 5% respectively.

Note 2

The Industrial Adviser to the Not for Profit Sector and adviser to Aged Care Victoria is the Services Industry Advisory Group. Their advice to the industry is that they should refuse to pay Enrolled Nurses (Division 2) working in residential aged care more than Pay Point 3. Accordingly, many proprietors refuse to recognise any entitlement for ENs to be paid more than $13.05 per hour.

5.3 Registered Nurse Division 1 Hourly Rates of Pay

	Public Sector	Australian Health Care Pty Ltd	Private Aged Care
Grade 3A (y1)	$21.69	$21.40	$19.27
Grade 4A (y1)	$23.73	$23.39	$21.01
Director of Nursing (25-50 beds)	$28.21	$27.82	$25.75

Registered Nurse Division 1 Weekly Rates of Pay (38 hours)

	Public Sector	Australian Health Care Pty Ltd	Private Aged Care
Grade 3A (y1)	$824.50	$813.20	$732.60
Grade 4A (y1)	$901.80	$889.10	$798.50
Director of Nursing (25-50 beds)	$1072.10	$1057.40	$944.20

Note 1

Private and Public acute sector pay rates are set to increase in the next 2 years by 5 - 6% and 5% respectively.

At the national level, the ANF has worked hard since the mid 1980s to establish a national approach to nursing career structures, classifications etc. Never the less, the key point o comparison for wages rates when it comes to the issue of recruitment of nurses in each state, remains the comparative wages between sectors operating within a particular state.

By the year 2,000, the disparity between wages for nurses in the acute sector compared with those working in residential aged care will be 18 - 20% depending on the Grade or Classification.

Nursing home proprietors, and indeed the ANF have no realistic way of altering this problem given the current policy settings. The ANF has no doubt that the Victorian industry has great difficulty recruiting and retaining registered nurses at present.

Any further move towards coalescence will cruel the ability of individual nursing home proprietors to employ the staff they need to meet accreditation and provide appropriate care standards.

5.5 Future Trends in Wages Rates in Victoria

The ANF expects that the results of negotiations which will commence in the year 2,000 on the rates of pay for nurses other than in residential aged care will achieve results comparative to those achieved in 1995 and 1997. The disparity will grow greater than the 18 - 20% figure when new agreements are negotiated in the public and private acute sectors in the year 2,000 if the Commonwealth does not support a wage increase for aged care nurses. If the problem of pay disparity is not addressed, nurses in residential aged care and residents will continue to suffer the disadvantages.

6 ENTERPRISE BARGAINING

6.1 Steps taken by the ANF

The ANF (Vie Branch) is registered pursuant to the Workplace Relations Act 1996 as an organisation of employees. As such we have been seeking to negotiate improvements in terms and conditions of employment including rates of pay in the residential aged care sector for nurses for several years. Employers in this sector have generally stated since 1996 that they are unable to improve terms and conditions of employment due to constraints on funding and other Government requirements, without reducing staffing levels further.

In other workplaces or industries where a group of workers reduce staffing levels or pick up additional duties, it may be recognised as increasing productivity and recognised, through improved wages and conditions in the enterprise bargaining process. This has not occurred in Victorian residential aged care where nurses have been required to dramatically increase productivity without acknowledgement or reward.

A condition precedent to enterprise bargaining results in the Victorian nursing industry in general has been the preparedness of Government to fund such increases. In other words, the process of wage adjustment in the industry is the subject of a rigid and tightly controlled framework requiring government consent and funding. The effect of this is that the process of nurses' wage adjustments under enterprise bargaining has required the same funding system as award adjustments but using different industrial machinery.

On or about 14 day of November 1997, under cover of a letter dated 13 November 1998 and signed by the Secretary of the ANF, Ms Belinda Morieson, the ANF served all nursing home proprietors with identical correspondence, Notices of Initiations of Bargaining Periods setting out the matters proposed to be dealt with in an enterprise agreement and a draft "Certified Agreement for the Residential Aged Care Sector". This was done in accordance with all requirements of the Workplace Relations Act 1996.

Between May 1998 and late June 1998, ANF members at a number of nursing homes participated in "protected industrial action" in order to support and advance claims made in respect of the proposed agreement.

After the commencement of the "protected industrial action" only one employer made an offer to settle the claims, including a wage increase. The offer consisted of existing award conditions and a wage increase of 1 % to be paid on the 1 October 1998 and 1 % to be paid on 1 March 1999. The wage increases flowing from the "Living Wage" case, referred to above, would be absorbed and not additional to these proposed increases. The employer proposed an enterprise agreement covering all its nursing homes, of one years duration.

Some other employers indicated a willingness to retain award conditions existing as at 30 June 1998, by inclusion in a certified agreement, but without any offer on other items set out in the claims, including wages.

6.2 The results of enterprise bargaining in Victoria

By mid 1998 it was the view of the ANF and its affected members, that no employer had offered, or would be prepared to offer, to enter an agreement which could be described as a just and reasonable settlement of the claims set out in the Notice of Initiation of Bargaining Period. The generally stated reason by employers for not being able to settle the claims on terms acceptable to the ANF and its members is lack of funding and the financial impost resulting from other Government requirements. Accordingly, the ANF recently initiated proceedings in the Australian Industrial Relations Commission to ascertain if the Commission continues to have powers to arbitrate an outcome. We are currently awaiting the decision.

It is noted that industry surveys have revealed there are virtually no over Award payments for nurses working in Victorian residential aged care services. What is more regrettable is that the ANF does have considerable examples of under Award payments.

7 OCCUPATIONAL HEALTH AND SAFETY AND COALESCENCE

The Nursing Home Industry has one of the most distressing histories of injury rates to staff of any industry. If the Commission requires, ANF (Vic Branch) would be pleased to provide detailed information. In the current funding environment (particularly in Victoria), any further reduction of funding will inevitably lead to further reduction of staffing levels and lead to further increases in workloads for staff.

The Commonwealth Department of Health and Family Services have implemented an initiative to attempt to redress the appalling rate of injury of workers. We demonstrate this by attaching a copy of an **INTERIM** Report on a Project currently being carried out in Victoria **(SEE ATTACHMENT NINE 9).** This report demonstrates links between the employment of "untrained" workers and increased numbers of claims for injury and costs of claiming to the industry and therefore the community (See page 4).

The data emerging from this project supports the ANF (Vic Branch) argument that to further erode the funding to Nursing Homes will push the industry into greater use of "untrained" workers and multiply the problem of work injuries and its costs to the community.

In addition, ANF (Vic Branch) contends that reductions in funding at a time when Victoria is rebuilding its Nursing Home stock must inevitably lead to providers cutting corners. OH & S measures have historically been one of the first "victims" of cost cutting in the industry. (See above certification levels of Vic Homes)

Additionally, further cuts to care hours demonstrably increases risk of injury. **(SEE ATTACHMENT FIVE 5)**

So called "trade offs" that have been suggested by the industry and the Victorian Building Commission were put before a recent Industry Workshop on Building Design and frankly met with an outraged response from most participants. These trade offs meant lowering staffing numbers in exchange for equipment such as sprinkler systems.

An investment must be made by the industry in equipment and programs to reduce work related injuries. This investment needs to be supported by Government in a tangible way, not in a way which means cuts in other areas.

8 GOVERNMENT RESTRUCTURE OF FUNDING To DATE

The efficiencies already taken by the Federal Government from Nursing Home funding over the past 11 years have had a marked impact in nursing staff. They include:

1. A workforce that has been casualised to a marked degree.

2. Funding which means most nurses are now not given the opportunity to work full time due to the number of short shifts (reduced to as low as 4 four hours per day).

3. Funding which is based on the dependency level of an increasingly short stay resident means nurses contracted hours are flexed up and down constantly leaving little security of tenure for staff.

4. Deregulation of the CAM/SAM funding in October has meant a massive reduction of care hours across the industry. When the first preference for providers is savings or profits or a pressing need to obtain funds to achieve building Certification.

5. The removal of the CAM/SAM boundary has also meant that care staff are now increasingly picking up cleaning, catering and laundry work whilst care staff are being reduced - further eroding time available for care.

By the early nineties in Victoria, the reduction of nursing staff levels had reaped enormous efficiencies for the Government. This is well demonstrated through the transition of Victoria's Public Sector Nursing Homes to CAM funding and staffing levels.

By 1993 after two years of transition across 4,000 nursing home beds - nursing staff had been reduced by over 600 effective full time positions (approximately 1200 working nurses). ANF (Vic Branch) believes this reflects an industry that has had its staffing levels taken to an absolute minimum. To reduce this any further - and there is no doubt in our minds that that is what coalescence would do -would be to further damage the fabric of care in our homes.

As recently as October 1997, the Federal Government imposed yet another huge saving by removing $66m from the old CAM funding by using it to fund the concessional Resident Supplement in the new funding regime.

De-regulatory changes to funding which took effect on 1 October 1997, combined with the 2% "adjustment" downwards which took effect on the 1 July 1998 have appeared to be the cause of industry wide moves to "re-structure" by reducing care hours, and particularly care hours provided by qualified registered nurses, which is referred to elsewhere in this submission.

ANF (Vic Branch) seeks the Productivity Commission support in maintaining and improving funding levels to ensure that nurses are maintained in sufficient numbers to ensure that the public are protected in Nursing Homes when they are at their most vulnerable.

9 OTHER QUESTIONS RAISED BY THE ISSUES PAPER

9.1 Regulation

Page 9 - 10 of the Issues Paper refers to state regulations underpinning the provision of residential aged care services. The ANF (Vic Branch) wishes to draw the attention of the Productivity Commission to the fact that substantial regulations previously in the Health Services Act (Vic) were abolished in 1995. The State Government's general approach to the matters referred to have been de-regulatory in nature, when the ANF contends that the strongest possible regulatory safeguards should be in place in this area.

9.2 Nursing Home Costs

There is relatively limited data available on this issue. However, the ANF and its members have consistently observed since the abolition of CAM, SAM, Ochre funding in October 1997, that homes of comparative size and infrastructure (therefore presumably receiving similar funding and cost pressures) do not necessarily provide comparative levels of nursing staff or have comparative care outcomes. The ANF understands this to be the product of a system which now allows considerable discretion over the utilisation of Government subsidies

9.3 Wage and Wage Related Costs

The Commission poses the question 'is' the commonly expoused 75/25 ratio of wage to non-wage costs reasonable! The ANF believes that the better and more relevant question is "is there sufficient funding or access to funding to ensure that reasonable wage and non-wage costs are met? In other words a shift in the "ratio" in one direction will most likely exacerbate a problem in the other, or alleviate one problem by creating another.

Similarly, the question of equipment is valuable if it can improve the provision of nursing care and working conditions and reduce work related injuries. However, equipment cannot be a substitute for staff in the provision of humane aged care services.

The ANF does not have data which indicates the current mix of nursing skills currently in the industry. In the past in respect of nursing and personal care data, a skills mix was in place in recent years through State regulation and more recently Clause 16 of the Nurses (Victorian Health Services) Award 1992. A copy of this Clause is attached **(ATTACHMENT 10)**. The ANF's recent survey of its members working in nursing homes shows that this skills mix in the Award is routinely and widely not being met for various reasons

Nurses have been extremely flexible in undertaking an increasing load of non nursing duties. It is submitted that has had a direct impact on care provided. What is extremely concerning however is where qualified registered nurses are removed and replaced with untrained workers who despite the best will in the world, are unable to do the work necessary for safe and humane care.

CONCLUSION

In the final analysis, it will not be politicians, nor Governments, nor nursing home proprietors, nor nurses who bear the brunt of any further cuts in funding to nursing homes. It will be the most vulnerable, powerless section of our community - the frail, the sick, the aged, that are affected by the consequences of Governments response to these issues. We therefore call upon the Productivity Commission to exercise its responsibility regarding the public interest to ensure that an equitable amount of funding for high care residents is maintained and that it is equitably distributed on the basis of their needs to ensure that care and support is of a standard that the Nation can be proud of.