Community Services and Health Industry Skills Council Submission:

National Commission of Audit

November 2013

The Community Services and Health Industry Skills Council (CS&HISC) is the peak agency responsible for delivering Vocational Education and Training qualifications and occupational standards for the Community Services and Health Industry. These qualifications support over 500 job roles undertaken by over 800,000 workers in Australia. In addition to qualifications, CS&HISC provides advice, services and products to support the development of the overall community services and health workforce.

We note that the Commission has a broad remit to examine the scope for efficiency and productivity improvements across all areas of Commonwealth expenditure, and to make recommendations to achieve savings sufficient to delivering a surplus of 1 per cent of GDP prior to 2023-24. CS&HISC's interest in the Commission's Review relates to potential efficiency and productivity improvements in the following industries:

- Health and Community Services (including early childhood development), also known as Health Care and Social Assistance
- Tertiary Education, with a focus on Vocational Education and Training (VET)

Context

The Community Services and Health Industry is the largest and fastest growing employer; recent data indicate that the industry employs approximately 1.397 million workers, 12 per cent of Australia's workforce. In health, estimated expenditure has increased to $140.2 billion in 2011-12 from $82.9 billion in 2001-2. [i]

The Health and Community Services Industry is experiencing a time of unprecedented change. Demographic factors and policy drivers are changing the level and nature of service demand and provision. Demand for health and community services is increasing due to changes in Australia's demography. Australia's population is ageing; by 2026, 18.7% of population will be over 65 years and 2.4% aged over 85 years. Australia is also experiencing record birth rates, with recent data indicating 300,000 births in Australia annually (the rate at the height of the baby boom was 240,000). These changes are impacting on demand for a whole range of health and community services from childcare to aged care.

Increased service demand implies a need for more workers; the Australian Workforce Productivity Agency's (AWPA's) recent projections indicate that our industry will need between 24% (339,300) to 57% (798,800) more workers.[ii] However, workforce growth will be tempered by an increased focus on workforce productivity due to reduced growth in Government expenditure and emerging funding constraints at a federal and state level.

States and territories are under increasing health expenditure pressure and if this continues to increase at the rate of the last decade, it will demand an additional 2 per cent of GDP of government budgets by 2023.[iii] For example, in South Australia according to the 2012-13 Budget, health spending is at a record high of $4.927 billion. This represents 129% ($2.8 billion) increase since 2001-02, and an average annual growth of 8.1% over the period 2004-05 to 2011-12.[iv] Future increases in health spending within current Federal and State Government revenues at this level will be unsustainable without productivity increases.

The nature of service demand and provision is also changing in response to client needs, policy drivers and changes in funding. For example, more services are being delivered in the home and community with services moving away from block funding to more individualised, client-directed funding models. Client-directed funding models should enable individuals to choose those services that best suit their needs. An individual will have multiple needs, for example 50% of people over 65 have at least one condition that may require health or community service support. Services will need to respond to clients' multiple needs and the divisions between service 'sectors' will become less relevant e.g. e.g. primary healthcare and acute healthcare or aged care and disability support.

These changes have notable implications for the health and community services workforce, some of which are already evident. For example, there are current national and regional workforce shortages, where workforce supply is not adequate to meet service demand, in a number of health and community service occupations.[v] Individualised funding models will put pressure on services to employ a flexible workforce, responsive to ongoing changes in client demand and need.

Existing roles will need to be redesigned and new roles developed in order to accommodate changes in policy and service demand. It is anticipated that this will involve an increase in the number of assistant and support workers possessing a broad range of capabilities and the ability to provide appropriate support for clients' multiple needs. Potentially, this growth in assistant and support roles will be accompanied with the professionalisation of these roles with more of the occupations at this level becoming

subject to minimum education standards and registration. To support these changes, new training and workforce development strategies will be required, including pathways that recognise common competencies in similar sectors, to support workforce growth, the creation of new roles and the reorientation of existing roles. It is in this context that the following issues should be considered:

1. National leadership on workforce planning

Workforce planning and service redesign takes time to implement and evaluate, effective policy-making in this area requires industry engagement, inter agency collaboration and clarity of purpose at a national level. CS&HISC believes that there are efficiencies to be gained from a whole-workforce approach to workforce planning, with more coordinated national leadership, specifically:

- There are a number of bodies[1] and ministerial advisory councils (Standing Committees) that have responsibilities that relate directly to, or have an impact on, the education, training and workforce development agenda for the Community Services and Health industry. There are overlapping responsibilities between these organisations and committees and there is a need for better interagency communications and collaboration as well as a transparent process by which information may be shared between Standing Committees.
- The Community Services and Health industry lacks a national workforce plan. Workforce planning in health and community services focuses on individual professions and or sectors. To improve efficiency and effectiveness of planning requires a 'whole-workforce' approach, supported by regularly updated workforce projections based on industry intelligence on current realities and future trends.
- The VET and Higher Education (HE) systems are still largely separate in terms of their funding and operation. The community services and health workforce is both VET and HE qualified; the whole-workforce approach needs to be supported by a coordinated approach to training and workforce development.

2. Systems that support workforce productivity

CS&HISC believes that there are efficiencies to be gained through increasing workforce productivity. Reduced growth and funding restrictions call for increased workforce productivity in health and community services. However, whilst there are clear measures

[1] For example: Australian Bureau of Statistics (ABS); Australian Workforce Productivity Agency (AWPA); Australian Institute of Health and Welfare (AIHW); Health Workforce Australia (HWA); Australian Health Practitioner Regulation Agency (AHPRA) which includes fourteen national boards; the Departments of Employment (including Labour Market Information Portal and Job Outlook), Health, Social Services, Industry, Human Services, Education, Infrastructure and Regional Development (including myregion website data); State/Territory departments.

of productivity for other industries, a suitable and accepted method of measuring workforce productivity in health and community services have yet to be developed. This will require an innovative approach to productivity improvement that is sensitive to the health and community services context.

It is estimated that a 5% improvement in health service productivity could equate to annual resource savings of $3 billion which in turn could be used to fund further savings[vi] and could equate to 75,000 Assistants in Nursing or 424 million meals delivered through Meals on Wheels.

Workforce productivity needs to be supported by:

- An evidenced based understanding of what productivity means in a care and support context and how it can be measured
- Effective and appropriate use of VET and HE qualifications so that workers are equipped with the skills, knowledge and experience required for the jobs they are/ will be doing
- Clear education and training pathways that involve both VET- and HE- based education and training in the community services and health sector.

Furthermore, given the large number of informal caregivers providing care and support to family members and friends, the role of these caregivers in an effective and productive health and community services workforce requires much greater recognition.

3. Training: funding, regulation and quality systems

In Tertiary Education the paramount body is the Australian Qualifications Framework Council (AQFC) which sets national policy and standards for regulated for recognised qualifications; and in Higher Education, where universities were self-regulating until 2011, the Tertiary Education Quality and Standards Agency (TEQSA) now regulates and assures them and other Higher Education providers.

In VET the system consists of national regulation and quality assurance of training packages, skill sets and accredited courses by the National Skills Standards Council (NSSC). Registered Training providers are regulated by the Australian Skills Quality Authority (ASQA), other than Victoria (VRQA) and Western Australia (WATAC) to ensure nationally approved quality standards are met. The harmonisation of skills regulation is critical as each jurisdiction has their own requirements particularly in regards how medication is administered and this contributes to a system wide efficiency burden.

CS&HISC believes existing tertiary education systems need to be reviewed so that they better support the delivery of relevant and quality training, and that this would have efficiency savings, specifically:

- The regulatory, quality management and quality monitoring systems for tertiary education need to be reviewed. In VET, tailoring the system to support a quicker speed to market of qualifications would help ensure that the competency standards and qualifications developed are relevant to current industry practice.
- A more coordinated approach to the funding, provision and evaluation of work placements for VET community services and health industry training programs is required.

The states have started to adopt student demand-led funding systems for VET and there is widespread concern that VET funding is being reduced which may compromise the supply of workers in the health and community services industry. Demand-led models require ongoing monitoring and evaluation as well as mechanisms for industry input to ensure that the VET system is producing the workers required to deliver essential health and community services. Greater coordination of commonwealth and state based VET funds would ensure that funds are more clearly targeted to growth industries to minimise skills shortages.

4. Gaining greater clarity and transparency on funding flows

CS&HISC believes that there are efficiencies to be gained through a review of health and community services funding flows.

The funding of health and community services is complex, with multiple agencies involved at different levels. This is particularly so when considering policy relating to the health and community services workforce. For example, there is potential for Health portfolio decisions to have implications for other portfolios such as Education and Industry and for certain decisions taken at state level to impact on federal responsibilities and vice versa. Agencies have also often adopted different approaches to industry funding with the former Department of Health and Ageing not requiring employer contributions while the Department of Industry did require such contributions.

This complexity calls for a review of federal, state and other agency responsibilities to ensure greater clarity as well as to identify and remove any conflicting policy agendas or duplication of effort. This will require effective inter agency communication and collaboration.

Summary

CS&HISC believes that there are efficiencies to be gained by:

- A national health and community services workforce plan developed through strong national leadership, interagency collaboration and effective industry engagement
- Increasing workforce productivity through the adoption of more innovative work practices in the Community Services and Health industry
- Reviewing existing tertiary education systems so that they better support the delivery of quality training that is relevant and responsive to service needs
- Reviewing the funding flows for health and community services to improve the clarity and transparency of funding.

Closing statement

CS&HISC appreciates the opportunity to comment on the efficiency and productivity issues affecting the education, training and workforce development in the Community Services and Health industry. Please do not hesitate to contact us should the Commission require any additional information or would like CS&HISC to present this evidence in person.

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[i]) Australian Institute of Health and Welfare 2013, *Health Expenditure Australia 2011-12*

[ii]) Australian Workforce Productivity Agency (2013), *Future focus, 2013 National Workforce Development Strategy*.

[iii]) Gratton Institute 2013, *Budget pressures on Australian governments*, John Daley, p.36

[iv]) Reference: Government of South Australia 2012, SA Health's Response to the Hospital Budget Performance and Remediation Reviews, Safe, Quality, Affordable Health Care, p.3

[v]) Recent DEEWR publications including:

- Australian Government Department of Education Employment and Workplace Relations (2012). Skills Shortage Report: Personal Care Workers. November 2012.
- Australian Government Department of Education, Employment and Workplace Relations (2013). Skill Shortages Australia 2012-13, Canberra. http://docs.employment.gov.au/system/files/doc/other/skillshortagesaustralia2012_13.pdf

[vi]) Productivity Commission, *Potential Benefits of the National Reform Agenda – Report to the Council of Australian Governments*, Productivity Commission Research Paper Overview, p. XXVIII