



Level 1, Enterprise 1, Innovation Campus
UNIVERSITY OF WOLLONGONG
WOLLONGONG NSW 2522

Select Committee

Inquiry into Public Health Amendment (Registered Nurses in Nursing Homes) Bill 2020

Legislative Council, Parliament House

Macquarie Street, SYDNEY NSW 2000

Dear Honourable Members

Thank you for the opportunity to respond to the following question on notice from the Hon C Faehrmann following my appearance before the Inquiry on 23 May 2021.

Question: Why is there such a discrepancy between, for example, four-star homes and one-star homes here?

Response: There are large variations in existing aged care home staffing, with homes ranging from 1 to 5 star staffing levels. It is possible for homes to provide only 1 or 2 star staffing because there are no minimum standards. At the other end of the spectrum, it is not financially viable to pay for 4 or 5 star staff ratios out of the ACFI payments paid by the Commonwealth. In these cases, homes are using additional funding to increase their staffing levels beyond that which is possible with the Commonwealth ACFI subsidy. There are three possible sources for these additional funds:

1. Residents are being charged additional funding for 'extra' services and homes are using this additional funding to supplement their core staffing. Homes are required to report extra charges to the Commonwealth Department of Health.
2. Homes are cross-subsidising from other income sources. There are widespread anecdotal stories of providers using funding from community aged care packages to cross-subsidise their residential aged care but it is not possible to determine the exact extent of cross-subsidisation.
3. Homes are cross-subsidising from other residential aged care income by reducing spending on accommodation and by saving on daily living expenses such as food.

It should also be noted that an increasing number of homes are now reporting that they are operating at a financial loss. In these cases, staff costs would be the single largest expenditure item.

Please do not hesitate to contact me if there are any further questions,

Yours sincerely,

Anita Westera

Research Fellow

Australian Health Services Research Institute (AHSRI)

University of Wollongong

6 April 2021