

December 2021

Report to WA Aged Care Alliance

Implications of Labour Shortages in the Aged Care Sector

Final Report



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Report Overview and Purpose

1

This section provides an overview to the background and purpose of this report, including a discussion on the drivers of the study and a brief introduction to the approach adopted to generate the study findings.

1.1 Background

In March 2021, ACIL Allen completed a landmark study into the economic and social contribution of the Aged Care Sector in WA. The study found that the Sector requires a significant and growing workforce to meet the current and expected needs of elderly Western Australians. In 2019-20, it was estimated that the Sector employed 35,997 full time equivalent workers, with the future workforce expected to reach 57,528 full time equivalent workers by 2029-30.

This study was completed against a backdrop of a rapidly changing economic landscape, with the WA economy emerging out of its COVID-19 induced slowdown to become the standout performer of any national or regional economy anywhere in the world over the past 12 months. However, the broad-based nature of Western Australia's economic revival has seen the demand for labour intensify over the course of the year, which when combined with the supply constraints from international and domestic border restrictions, has meant that labour shortages have become increasingly acute across all sectors of the economy.

Recent history highlights the economic consequences of prolonged labour shortages in Western Australia. Labour constraints was the most significant economic issue facing Western Australia during the most recent resource boom from 2008 to 2014, driving up the cost of labour and the costs of doing business more broadly. The high costs of doing business were a contributing factor behind Western Australia's prolonged six-year domestic recession¹ between 2013 and 2019.

However, macroeconomic indicators now suggest that labour shortages are becoming increasingly more acute than at any time during the last resources boom due to the inability to supply to respond to demand due to border closures.

This is now presenting as a crisis for the Aged Care Sector which, in the absence of a viable pathway to recruit for its workforce needs from interstate or overseas in the short to medium term, will not have the financial capacity to compete with other sectors of the economy for increasingly scarce labour.

The primary risk for the Aged Care Sector is that it will be unable to provide the essential services and supports to its existing aged care clients, which has the potential to present as a risk to the primary health sector as a provider of last resort. With public hospitals already facing capacity

¹ A domestic recession occurs when the sum of consumption expenditure, business investment, housing investment and government expenditure and investment contracts for two consecutive quarters.

constraints, this creates significant financial risks to the State Government and health risks to individuals and the community more broadly.

1.2 Report purpose and structure

Against this backdrop of increasingly acute labour shortages in the Aged Care Sector, and the implications in terms of the provision of high quality services and supports to the aged, ACIL Allen has been engaged by the following group of seven leading aged care providers to provide an independent assessment of the implications of labour shortages on the Aged Care Sector in WA:

- Amana Living
- Baptistcare
- Bethanie
- Brightwater
- Juniper
- Hall & Prior
- Southern Cross WA.

In addition to providing the financial support to undertake this study, the group of seven providers agreed provided the necessary data, insights and perceptions on the current and future challenges that are being posed by acute labour shortages in the Sector, and the measures by which they are endeavouring to manage through this crisis. This included an Aged Care CEO Perceptions Survey, where respondents answered 21 questions about the current and project impact, responses and potential solutions to address the labour shortages. In addition, providers also shared financial and operational data to demonstrate the impact of the labour shortages of their business. This information was also supplemented by publicly available data on labour market conditions in Western Australia. Together, this information provided the critical inputs to estimate:

1. **workforce shortages:** the shortfall in the workforce requirements in the Sector, overall and by key occupation group
which influences
2. **provision of care** – the impact of workforce shortages in terms of the reduction in the services that can be provided to aged care clients in the Sector
which influences
3. **acute health services** – the impact of reduced levels of care that can be provided by the Sector on the demand for acute health services
all of which influences
4. **health outcomes for aged care clients** – the health impacts of aged care clients that either receive reduced levels of care through the Sector or through acute health services.

This report has been structured into four sections and an Executive Summary. **Section 2** of this report will provide the economic and policy context which explains how labour shortages have become so acute, and how the current conditions compare to recent history.

Section 3 will provide a more detailed overview of labour market conditions in the Aged Care Sector using publicly available information from the Australia Bureau of Statistics, and the Commonwealth Department of Home Affairs, and the Commonwealth Department of Employment. This section will also present the summary results of ACIL Allen's survey of the seven aged care providers, which was conducted to generate the quantitative information to support the modelling in the next section, but also provide valuable insights into the perceptions of the leaders of these organisations.

Section 4 will present the results of ACIL Allen’s assessment of the implications of labour shortages in the Aged Care Sector, and provides some broad directions for the WA Government to address acute labour shortages in the short to medium term.

1.3 Glossary of terms and abbreviations

Throughout this report, ACIL Allen has used a number of economic and industry specific terms, which have been outlined below.

Table 1.1 Glossary of Terms

Term Used	Description
Chain volume measures	Chain volume measures shows the changes in quantity over time, by removing the impact of price changes.
Contraction	Contraction refers to the decline in economic output.
Cyclical upswing	Cyclical upswing refers to the increase in economic output. It is also known as the expansionary phase of the business cycle.
Domestic recession	A domestic recession occurs when the sum of consumption expenditure, business investment, housing investment and government expenditure and investment contracts for two consecutive quarters
Frictional unemployment	Frictional unemployment refers to people who are unemployed because they are moving between jobs, or because they are transitioning into or out of the labour force.
Gross Domestic Product	Gross domestic Product is a measure of the output generated by the national economy. It represents the total dollar value of all finalised goods and services produced over a specific time period and is considered as a measure of the size of the economy.
Labour force	Labour force measures the pool of labour available in the economy. It is calculated as the sum of people that are employed and unemployed.
Participation rate	Participation rate measures the number of working-age people that are in the labour market. It is calculated as the labour force divided by the working-age population.
Section 457 and 482 visa holders	The Subclass 482 Temporary Skill Shortage (TSS) visa (and its predecessor the 457 visa) is a temporary visa which permits the holder to live in Australia, while working full-time for the sponsoring employer, in the nominated position for between 2 and 4 years. Applicants for a TSS visa may include dependent family members in their application.
State Final Demand	State Final Demand is a measure of the output generated by the state economy. It represents the total dollar value of goods and services that are sold to buyers looking to consume or keep it as capital assets.
Unemployment	Unemployment refers to people who are not employed, but actively seeking employment and are available for work.
Unemployment rate	Unemployment rate measures the spare labour capacity in the economy. It is calculated as the number of unemployed people divided by the labour force.
Wage Price Index	The Wage Price Index (WPI) measures changes in the price of labour, across a fixed “basket” of jobs in the labour market.

Table 1.2 List of Acronyms

Abbreviation	Full Name
\$BN	Billion dollars (AUD)
\$M	Million dollars (AUD)
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
FTE	Full-time equivalent
FY	Financial year
GDP	Gross Domestic Product
SFD	State Final Demand

1.4 About ACIL Allen

ACIL Allen is Australia's largest independent economics, public policy and strategy advisory firm. As a firm, we specialise in economic analysis, and in understanding how policy decisions can translate into socio economic outcomes. ACIL Allen has significant resources upon which it can draw. We employ around 60 consultants located in Adelaide, Brisbane, Canberra, Melbourne, Perth, and Sydney.

The firm has built a reputation for quality research, credible analysis, and innovative advice on economic, policy and strategic matters over a period of more than twenty years. ACIL Allen operates across a select range of industries including energy, mineable resources, water and other infrastructure, education, tourism, health and human services policy and provides specialist advice to companies, governments, regulators and industry associations.

ACIL Allen has been at the forefront of analysis of changes and policy issues in these sectors. We have helped governments to develop a number of policy mechanisms applied in response to these changes and policy issues. We have also helped many private corporations to develop responsive business strategies in this dynamic environment.

Our analytical and modelling skills enable us to provide robust quantitative estimates of the impacts of market and regulatory risk. We often use risk based decision tools such as real options frameworks to advise clients on risk management strategies and opportunities. In part, our experience in these roles relates to major infrastructure assets, supporting feasibility assessments, equity raisings, sale and acquisition processes and funding of infrastructure assets, including natural gas and electricity transmission and distribution systems, power stations, roads, railways, airports and ports.

Our consultants are drawn from a wide variety of disciplines including economics, finance, statistics, geology, physics, environmental science, engineering and mathematics. We also offer a diverse range of professional backgrounds in state and federal government, academia and business.

Further information can be found on ACIL Allen's website at www.acilallen.com.au.

Summary Brief



Summary Findings

2

This section provides a summary of the analysis and findings of the report. This includes an overview of the recent trends in the WA Economy, the recent trends in the Aged Care Sector and analysis on the impact of labour shortages on the Aged Care Sector in WA

2.1 Recent Trends in the WA Economy

Western Australia has been one of the best performing jurisdictions in the world over the past two years, thanks to the combination of a strong resources sector and the significant government stimulus that has supported a number of other key sectors of the economy. The strong rebound in the Western Australian economy has driven a significant shift in Western Australia's labour market, highlighted by the strong growth in employment and a corresponding reduction in the number of people unemployed. In this regard:

- Between May 2020 (when restrictions were eased) and October 2021, there has been an additional 140,500 people employed, almost half of which (61,800) are full time jobs.
- At the same time, the number of people unemployed in the State has almost halved to 57,500 by October 2021. This has seen the State's **unemployment rate fall from 8.5 per cent in June 2020 to a nine year low of 3.9 per cent in October 2021.**
- The State's employment-to-population ratio in September 2021 was at its highest level since February 2013, while the **number of job vacancies in the State continue to reach record highs each month, with some 52,100 jobs reported as vacant in August 2021** – a three-fold increase in the number of job vacancies reported in June 2020 (16,800).

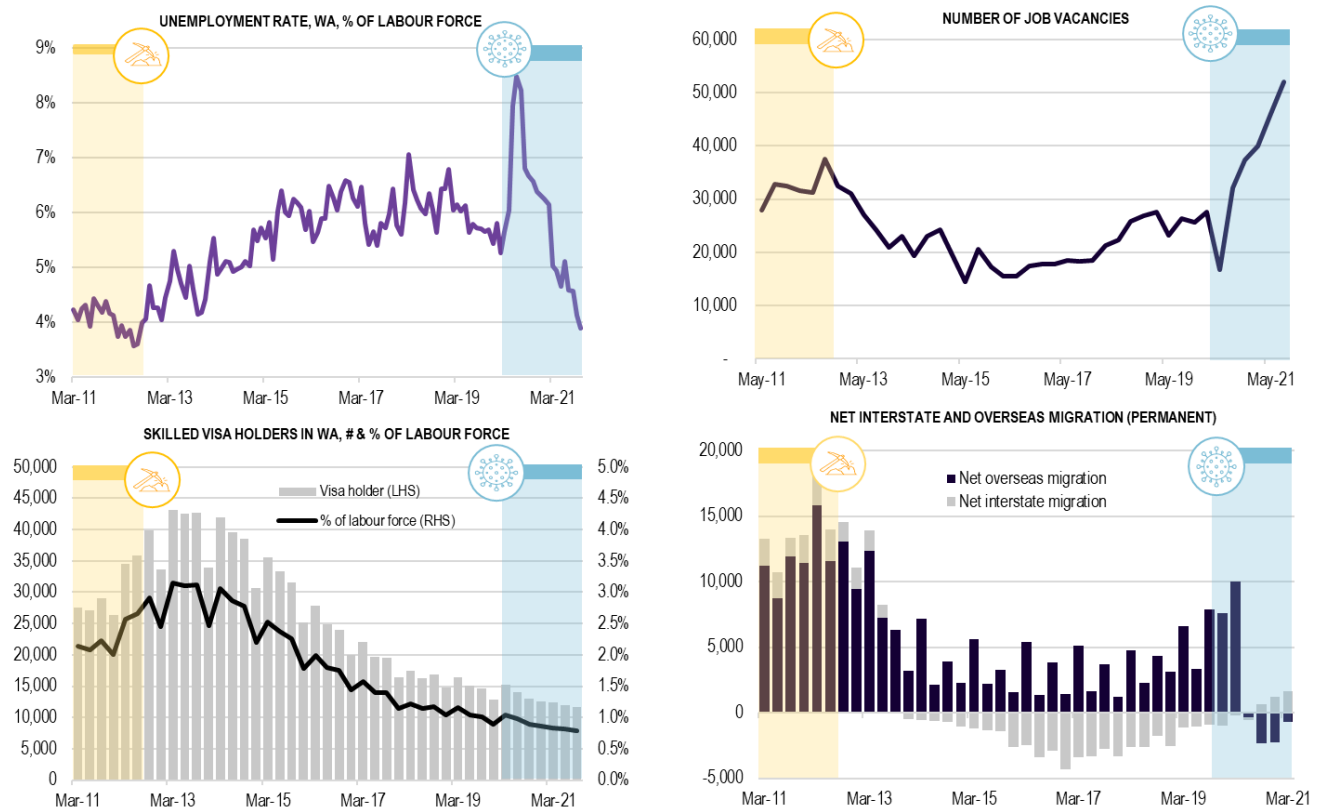
While the WA economy continues to perform strongly, there are growing signs that labour shortages created by border restrictions are starting to impact all sectors of the economy, but particularly those sectors of the economy that have historically relied on sourcing labour from interstate or overseas.

Western Australia's most recent resources investment boom provides a case study into the longer term impacts of labour shortages, with the State suffering through a prolonged downturn from 2015 through to 2019 – despite the ability of business and industry to source their workforce from interstate or overseas.

- In the absence of such temporary migration programs, the number of Section 457 and Section 482 visa holders located in Western Australia has collapsed, to be just over one quarter of what it was during the peak in the resources investment boom in 2013.
- The number of skilled migrants residing in Western Australia has also fallen dramatically, to be equivalent to 0.8 per cent of the workforce, the lowest percentage on record. This compares with the peak of 3.1 per cent, which was recorded during the most recent resources boom.

- Migration to Western Australia from interstate or overseas has fallen to its lowest level in over a decade, with just 7,339 persons added to Western Australia’s population in the last 12 months. During the most recent resources boom, the number of permanent interstate and overseas migrants peaked at 56,187 (in the 12 months ending March 2012).
- Net overseas migration has turned sharply negative since the onset of the COVID-19 pandemic, removing what has been a constant and necessary source of population growth and labour supply for Western Australia.

Figure 2.1 Employment and Migration Indicators



For the **WA Aged Care Sector**, labour shortages have become an even greater issue to the extent that recent changes emanating out of the Royal Commission are now requiring a larger workforce to provide the services and supports to their existing clients. This includes the introduction of a 215 minutes per resident per day minimum staff time standard by July 2024 and an additional 80,000 home care packages over 2021-22 and 2022-23, requiring an addition 13,000 home care workers.

2.2 Recent Trends in the Aged Care Sector

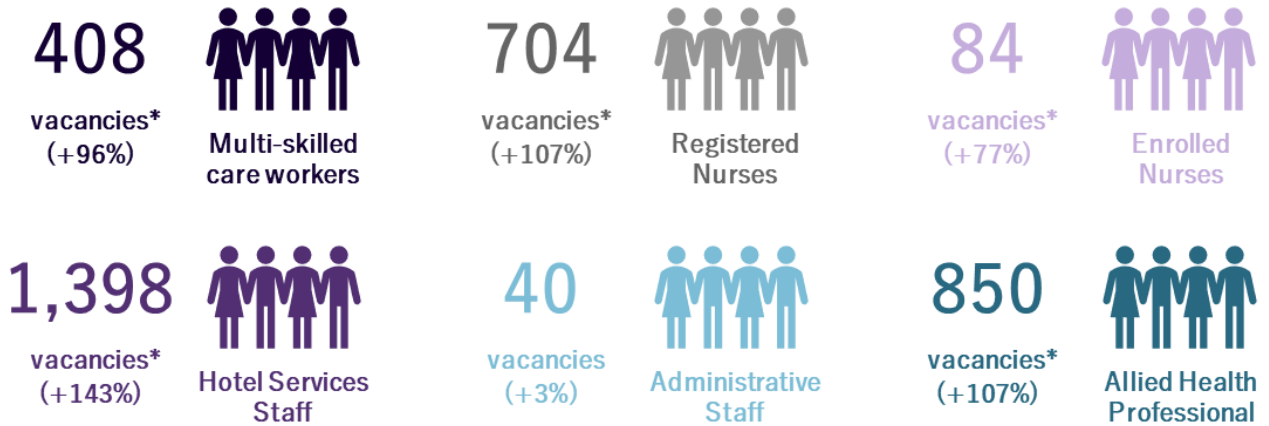
The Aged Care Sector is part of the Health Care and Social Assistance Industry, which is one of the State fastest growing industries, and its largest employer. Over the next five years, the industry is projected to create at least 27,000 new jobs – far exceeding every other industry in Western Australia, including mining.

However, filling these vacancies will be increasingly difficult as economic conditions strengthen across all sectors of the economy. There is also a **high degree of competition for workers across the Health and Social Assistance Industry due to the similar workforce requirements and the transferability of skills**, which has allowed workers to explore career pathways across a number of sectors within the Industry.

Historically, the Health Care and Social Assistance Industry has relied on a mix of domestic and foreign labour to address its workforce requirements. However, the onset of the pandemic and ensuing border restrictions has closed off this source of labour, forcing the Industry to increasingly look to the local workforce to fill vacant roles.

Increased competition for workers in an increasingly scarce market has seen the number of job vacancies for aged care worker occupations reach new record highs each month.

Figure 2.2 WA Aged Care workforce – Job vacancies (September 2021) and change since March 2020

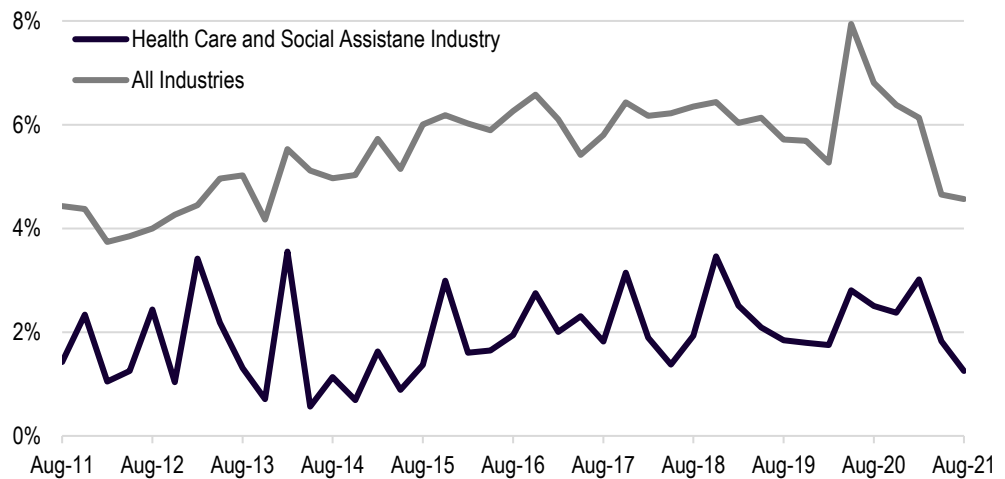


* Highest on record

ACIL Allen estimates that the unemployment rate for the Health Care and Social Assistance Industry has fluctuated around 1.9 per cent over the past decade, despite the fluctuations in economic conditions in recent years. This compares to Western Australia’s average rate of unemployment of 5.5 per cent over the same period.

With labour supply unable to respond to increased demand for labour, labour market conditions have become increasingly acute, with the **unemployment rate in the Health Care and Social Assistance Industry falling from 2.8 per cent in May 2020 to just 1.3 per cent in August 2021** – the lowest rate since the peak in the resource investment boom in 2012 and 2013.

Figure 2.3 Quarterly Unemployment Rate in Western Australia, All Industries vs Health Care and Social Assistance Industry only



Source: ACIL Allen, from Australian Bureau of Statistics Quarterly Labour Survey

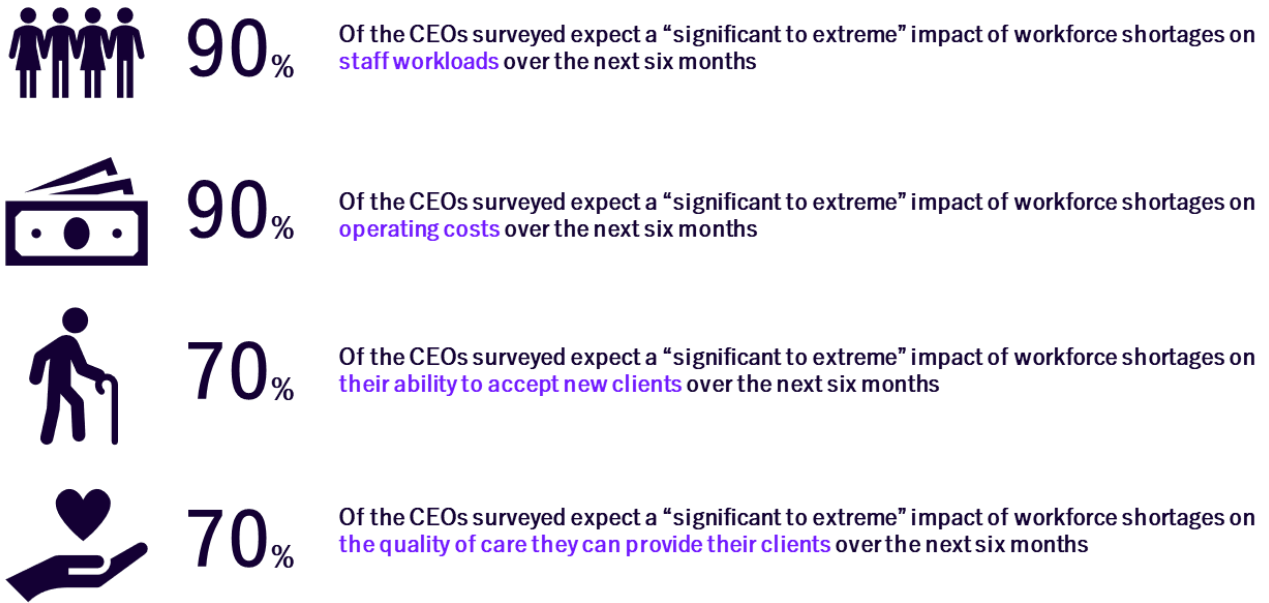
2.2.1 Aged Care Sector CEO Perceptions Survey – Key Findings

ACIL Allen's Aged Care Sector CEO Perceptions Survey found that the majority of Aged Care Sector CEOs consider that labour shortages have adversely affected their business, with impacts likely to worsen going forward. The survey found that:

- The aged care workforce is strained, with **80 per cent of respondents citing that labour shortages has had a significant to extreme impact on staff workload** and 90 per cent of respondents that indicated that the severity of this issue is expected to worsen.
- To combat this, providers are **expecting to incur higher costs to attract and retain staff as aged care workers become increasingly scarce**. This is the current experience for 80 per cent of respondents, who indicated that there has been a significant to extreme impact on costs over the past six months and 90 per cent expecting this issue to persist.
- The majority of respondents have also raised concerns over adverse impacts if labour shortages remain unresolved. For instance, at least **70 per cent of respondents expect labour shortages to have a significant to extreme impact on their capacity to accept new users going forward**. Providers are also concerned that the quality of care will be compromised, with 70 per cent of respondents indicating labour shortages will have a significant to extreme impact on the quality of care.
- Looking ahead over the next six months, the survey results revealed that **all respondents are predicting the need to increase their use of agency resources on the expectation that labour shortages will worsen**. An increasing percentage of respondents (80 per cent) also believed that they would need to **increase the payment of overtime hours to current staff**.
- Of concern is the **increasing percentage of respondents that believe that they will need to look at ways of reducing their overall levels of service** to address their workforce constraints. In particular:
 - 80 per cent of respondents reported that they would need to look at reducing staff to client ratios over the next six months (up from 40 per cent in the past six months);
 - 80 per cent of respondents reported that they would need to reduce their level of acceptance to new clients over the next six months (up from 40 per cent in the past six months); and
 - 70 per cent of respondents reported that they would need to close beds and/or reduce their level of service to existing clients (up from 40 per cent in the past six months).
- In terms of measures to address labour shortages in the Aged Care Sector, the introduction of travel ban exceptions via an unskilled migration visa program was identified as the most preferred solution to increasingly acute labour shortages, with 40 per cent of respondents ranking it as their first preference.
- The introduction of travel ban exceptions via a skilled migration visa program was the next most preferred solution, with 60 per cent of respondents indicating it as their second preference.

Recognising the criticality of the issue of labour shortages in the Aged Care Sector, the survey results show that **Sector CEOs believe that the current labour shortages to be most challenging issue they have confronted in the past decade**, and far more challenging than the most recent period of labour shortages in Western Australia during the resources investment boom last decade.

Figure 2.4 Workforce Pressures in the Aged Care Sector – Key Findings from the Aged Care Sector CEO Perceptions Survey



Source: Aged Care Sector CEO Perceptions Survey

2.3 Implications of Labour Shortages

ACIL Allen developed a modelling approach to estimate the magnitude and impact of the labour shortages in the WA Aged Care Sector workforce. The framework is based on forecasting the difference between the care needs of the WA community (demand) and the capacity of the sector to provide care (supply) between June 2021 and December 2022.

In addition to public information and modelling undertaken for the *Economic and Social Impact of the Aged Care in Western Australia* study, ACIL Allen has drawn upon operational data requested from each of the seven participating aged care providers to support the development of the modelling framework and assumptions.

ACIL Allen observed the following trends from an analysis of data provided by each of the participating Aged Care providers:

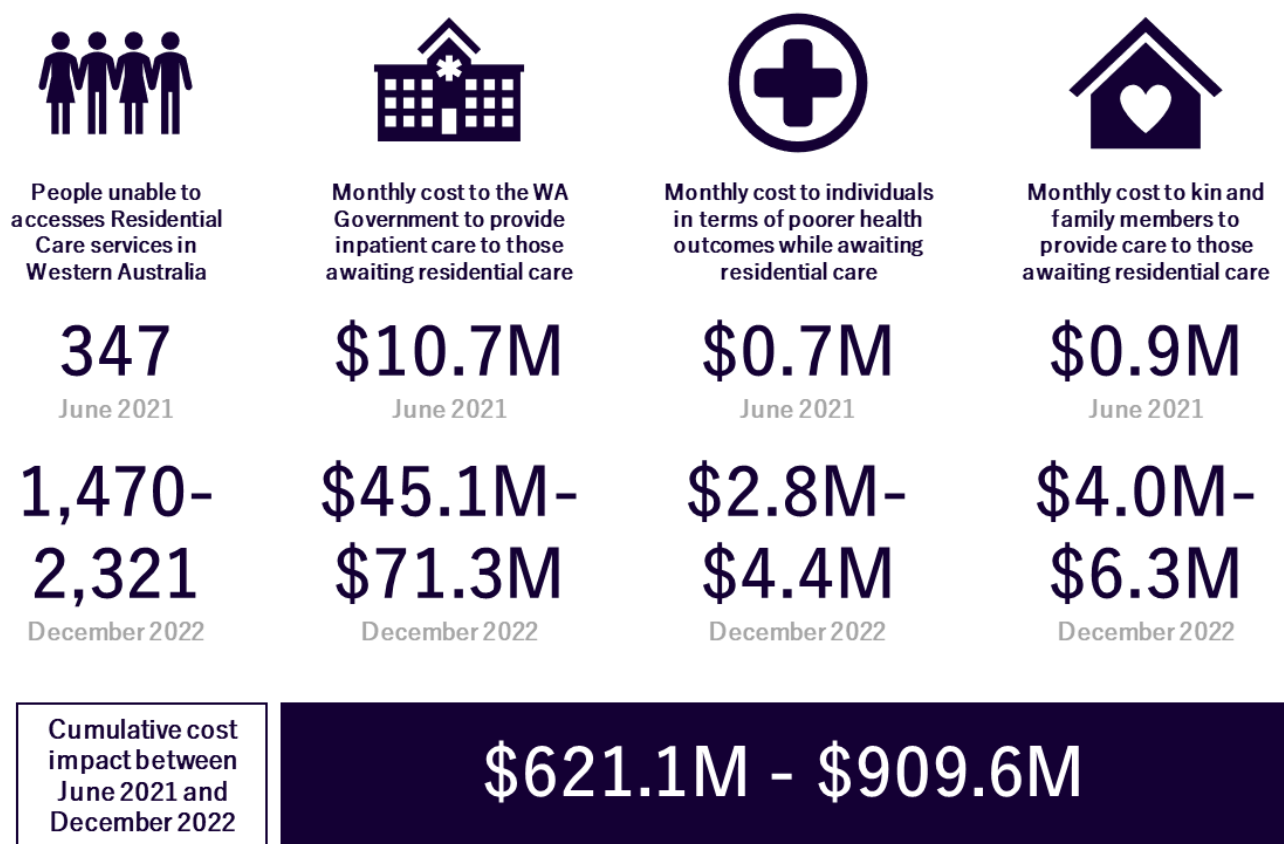
- Around one-third of Residential Care workers hold a working or skilled visa, making the Sector’s **reliance on visa holders is 20 times higher than observed in the broader economy** where an estimated 1.5 per cent of workers hold a working visa.
- The average working tenure across the sector is 5 years and 4 months, which is higher than the average for Australian workers, at 3 years and 4 months.
- Residential care services have become increasingly **reliant on agency staff** - across the Residential Care sector, the proportion of shifts filled by agency staff has doubled since 2019 and is as high as 10 per cent of the Residential Care workforce for some providers.
- The **proportion of residential care staff shifts that were open or unfilled has been growing rapidly for some providers**. In FY19 and FY20, an average of between two and four per cent of shifts were unfilled. In FY21, this rate grew to eight per cent and in the first three months in FY22, as many as a quarter of shifts were unable to be filled, with the most acute shortages among Enrolled and Registered nursing staff.

The results of the modelling performed by ACIL Allen on the impact of Labour shortages in the WA Aged Care Sector are presented in Figure 2.5. ACIL Allen has quantified the three impacts of labour shortages in the Aged Care Sector over the study period from June 2021 to December 2022:

- The impact and cost to the WA Hospital System
- The impact and costs of health outcomes to the individual
- The impact and costs to family members of those unable to access care.

The results highlight the significant impacts that acute labour shortages in the Aged Care Sector will have without corrective action. **The Sector is facing the perfect storm whereby demand continues to grow in line with the ageing population, yet its capacity to service current demand, let alone future demand, is being significantly compromised by labour shortages.**

Figure 2.5 Impact of Aged Care Labour Shortages



Source: ACIL Allen analysis

Without appropriate mitigation, ACIL Allen estimates that labour shortages in the Aged Care Sector will realise the following impacts:

- The cost to the **WA Government to provide inpatient care** to those awaiting Residential Care services is projected to rise from \$10.7 million per month in June 2021 to between \$45.1 million and \$71.3 million per month by December 2022. This equates to an increase from 174 people occupying inpatient beds while awaiting residential care in June 2021, to between 735 and 1,160 people by December 2022. ACIL Allen estimates that the **cumulative direct impact on the WA Government due to increase health system costs is between \$539.5 million and \$790.1 million.**
- The cost to **individuals in terms of poorer health outcomes** associated with receiving care in a hospital rather than in Residential Care setting is estimated to rise from \$0.7 million per

month in June 2021 to between \$2.8 million and \$4.4 million in December 2022. ACIL Allen estimates that the **cumulative cost to individual in terms of poor health outcomes is between \$33.6 million and \$49.3 million.**

- The cost to **kin and family members to provide care** to those awaiting residential care services is projected to rise from \$0.9 million per month in June 2021 to between \$4 million and \$6.3 million per month by December 2022. This equates to an increase from 87 people receiving care from kin / family members while awaiting Residential Care in June 2021, to between 367 and 580 people by December 2022. ACIL Allen estimates that the **cumulative cost to kin and family members to provide care to those awaiting residential care is between \$48.0 million and \$70.2 million.**

Overall, ACIL Allen estimates that the impact of labour shortages in the Aged Care Sector will have impose significant costs to the WA Government and the community more broadly. **Over the study period between June 2021 and December 2022, ACIL Allen estimates that the cumulative cost could amount to between \$621.1 million and \$909.6 million if labour shortages in the Aged Care Sector are not adequately addressed as a matter of priority.**

These results reflect the concerns held by WA's leading aged care providers, which consider labour shortages to be a more significant issue for the Sector than the threat posed by the COVID-19 pandemic or the implications of the Royal Commission.

Given the significant health and financial consequences that will materialise if the Aged Care Sector is not able to recruit and retain a workforce to meet the demand for aged care services, immediate actions are required which will require the leadership and support of governments at a State and Federal level.

Detailed Report



Recent Trends in the WA Economy

3

This section provides a broad overview of the economic trends and policy context behind the emergence of acute labour shortages in the Aged Care Sector, and compares recent trends to the most recent period of labour shortages during Western Australia's most recent resources boom early last decade.

3.1 Economic Context

Western Australia has largely avoided the catastrophic health and economic consequences of the COVID-19 pandemic over the past 18 months, due to the policies that have reduced the movement of people within the State when COVID-19 was present in the community, but more importantly the movement of people into the State from interstate and overseas.

Western Australia was not immune from the economic consequences of COVID-19, with its economic expansion halted temporarily. However, the ability for the resources sector to continue to operate at full capacity throughout the pandemic ensured that Western Australia was insulated from the worst of the economic impacts of COVID-19. This, coupled with the WA Government's success in keeping COVID-19 out of the State, as well as the significant fiscal stimulus from the Commonwealth and WA Governments, meant that Western Australia has been able to return to its pre-pandemic economic upswing.

The success in mitigating the health risks posed by COVID-19 can be attributed to policies that have reduced the movement of people. The Australian Government introduced restrictions on international travel. Travel into Australia must be followed by 14 days quarantine and is currently capped at 3,185 arrivals each week.² Returning travellers are only granted permits under certain circumstances.

Travel within Australia is managed by State and Territory Governments. Since the beginning of the pandemic, 12 "lockdowns" have been introduced across Australian jurisdictions. Three such lockdowns have been introduced in Western Australia which are among 33 changes³ to travel policies since April 2020. Such restrictions may include "hard borders" where all travel is prohibited, restrictions where travel is permitted for certain reasons, open travel where those arriving are required to undergo a period of quarantine and open travel without restrictions.

² Prime Minister of Australia, Media Statement 9 July 2021.

³ Based on an analysis of changes to travel policies announced by the WA Government, including 18 more restrictive and 15 less restrictive policies.

Box 3.1 The Impact of Border Restrictions on Temporary Visa Holders

Through the powers granted by the *Biosecurity Act 2015*, the Commonwealth Government has imposed strict border measures to limit Australia's exposure to COVID-19 from overseas. In particular, all individuals, including citizens, permanent residents and temporary visa holders, will need to be granted a travel exemption prior to entering Australia.

However, unlike Australian citizens and permanent residents, temporary visa holders are allowed to depart Australia at any time; but they will generally not be permitted to return.

Temporary visa holders

The Department of Home Affairs has outlined certain requirements that temporary visa holders will need to satisfy, in order for their travel exemption into Australia to be considered. Specifically, exemptions may be granted if the individual is:

- invited by the Commonwealth or State and Territory Governments to assist in the COVID-19 response
- supporting Australia's national interest through entry into the country
- working in a critical sector which delivers essential goods and services (e.g., medical, telecommunications, aged care and agricultural industry)
- sponsored by their employer to work in Australia in an occupation on the Priority Migration Skilled Occupations List
- travelling for compassionate and compelling reasons.

Upon arrival in Australia, all individuals will need to undergo mandatory two weeks quarantine at a government-approved facility. However, with international arrivals capped across the different states and territories, individuals may be required to quarantine at a facility that is not located in their destination state and as such, are subject to additional requirements when travelling interstate.

Source: Department of Home Affairs Travel restrictions and exemptions

Since the initial restrictions, WA has had some form of travel restriction with other Australian jurisdictions for 89 per cent of the time. As at the end of July 2021, the travel restrictions that apply to Western Australia are the most restrictive they have been since the height of the pandemic in 2020, and the most restrictive in terms of the States where no travel is permitted.

The most visible signal of the disruptions caused by border closures and travel restrictions is in relation to passenger throughput at Perth Airport. Total interstate and international passenger movements (both in-bound and out-bound) were at just under one million per month in the year to January 2020, and declined to a low of 19,000 in May 2020. Despite changing border policies since this low, traffic is yet to recover and averaged 189,000 per month in the first six months of 2021, with international travel particularly affected.

While the WA economy continues to perform strongly, there are growing signs that labour shortages created by border restrictions are starting to impact all sectors of the economy, but particularly those sectors of the economy that have historically relied on sourcing labour from interstate or overseas.

Acute and prolonged labour shortages can have long term consequences for the State, to the extent that it can increase the cost of doing business and the cost of living more broadly, and ultimately put the brakes on economic growth. Western Australia's most recent resources investment boom also provides a case study into the longer term impacts of labour shortages, with the State suffering through a prolonged downturn from 2015 through to 2019.

However, unlike the situation in 2021, labour shortages were able to be mitigated to some extent through a range of temporary migration policies, which enabled industry to source its workforce requirements from overseas on a temporary basis.

For the WA Aged Care Sector, labour shortages have become an even greater issue to the extent that recent changes emanating out of the Royal Commission are now requiring a larger workforce to provide the services and supports to their existing clients.

Box 3.2 Workforce Recommendations from the Royal Commission into Aged Care

The Royal Commission into Aged Care Quality and Safety has made several recommendations to improve the quality and standard of services provided by the aged care workforce. Notably, the Commission recommended the introduction of minimum staff time standard for residential care, with the following milestones in place:

From 1 July 2022

- The minimum staff time standard should be at least 200 minutes per resident per day for the average resident, with at least 40 minutes of that time with a registered nurse.
- At least one registered nurse on site per residential aged care facility for the morning and afternoon shifts (16 hours per day).

From 1 July 2024

- The minimum staff time standard increases to 215 minutes per resident per day for the average resident, with at least 44 minutes of that time with a registered nurse.
- At least one registered nurse on site per residential aged care facility at all times.

In addition to the accepting the above recommendations and introducing the Australian National Aged Care Classification funding model, the Australian Government has also committed to funding an additional 80,000 home care packages over 2021-22 and 2022-23, requiring an addition 13,000 home care workers. The commitment increases the number of home care packages by over 40 per cent, from 195,000 in 2020-21.

Source: Royal Commission into Aged Care Quality and Safety Final Report; Australian Government Response to the Final Report of the Royal Commission into Aged Care Quality and Safety

3.2 Economic Conditions Summary

The Western Australian economy was in a cyclical upswing at the end of 2019, with the State's economic aggregates trending up after half a decade of malaise. Domestic economic activity, as measured by State Final Demand (SFD), increased for four consecutive quarters between June 2019 and March 2020 – the longest streak since December 2010 to September 2011 (Figure 3.1). This streak was halted by the COVID-19 pandemic during the June quarter, with SFD falling by 6.2 per cent (or \$3.2 billion), which was the sharpest quarterly decline on record for Western Australia.

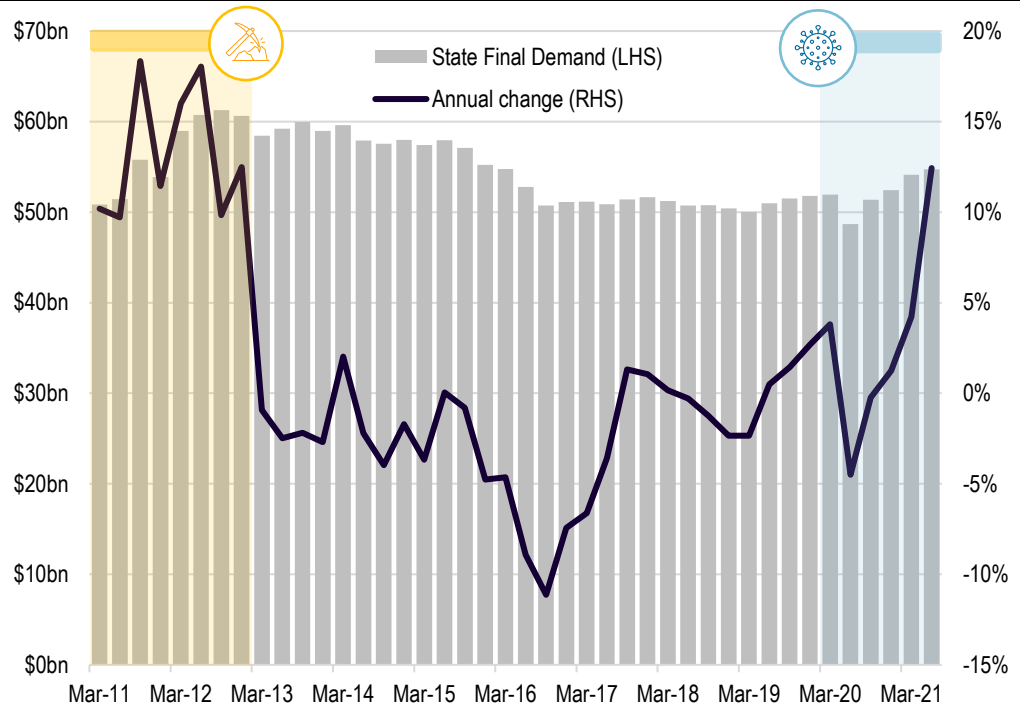
Fortunately for Western Australia, the economic impacts of COVID-19 proved to be temporary, due to the success of early measures to contain the spread of pandemic within the State. Within two months of imposing the initial stay-at-home orders, Western Australia had successfully contained the spread of COVID-19, as new daily cases dropped to single-digits by mid-April, and to zero by the early May.

The low case count allowed the Western Australian Government to announce the easing of some restrictions by late April, with the remaining restrictions gradually lifted over the subsequent months. The removal of such restrictions within the State provided an immediate boost to the domestic economy, with the June quarter contraction reversed in the September quarter.

Since then, Western Australia has enjoyed a sustained period of economic prosperity, largely buoyed by fiscal stimulus from the Commonwealth and State Governments and favourable terms of trade from rising iron ore prices. Unlike other states and territories, Western Australia's economic activity has been largely unrestricted throughout this period, despite several incidences of COVID-19 exposure within the local community. The introduction of snap lockdowns by the WA

Government ensured that there were not instances of local transmissions, and therefore the need for further lockdown measures.

Figure 3.1 Western Australia's State Final Demand



Source: Australian Bureau of Statistics National Accounts: National Income, Expenditure and Product

Over the year to June 2021, domestic economy activity had more than offset the June quarter decline, with SFD up by 12.4 per cent to reach \$6.1 billion.

The strength in domestic economic activity was supported by Commonwealth and State Government stimulus measures, which have helped to stabilise the jobs market in the early months of the pandemic, and provide the catalyst for a building and property market boom in the State. Of greater importance, however, was the continued strength of Western Australia's key export industries, which not only boosted export returns, but has also proved to be a boom for the WA Government, with a record budget surplus of \$5.6 billion in 2020-21.⁴

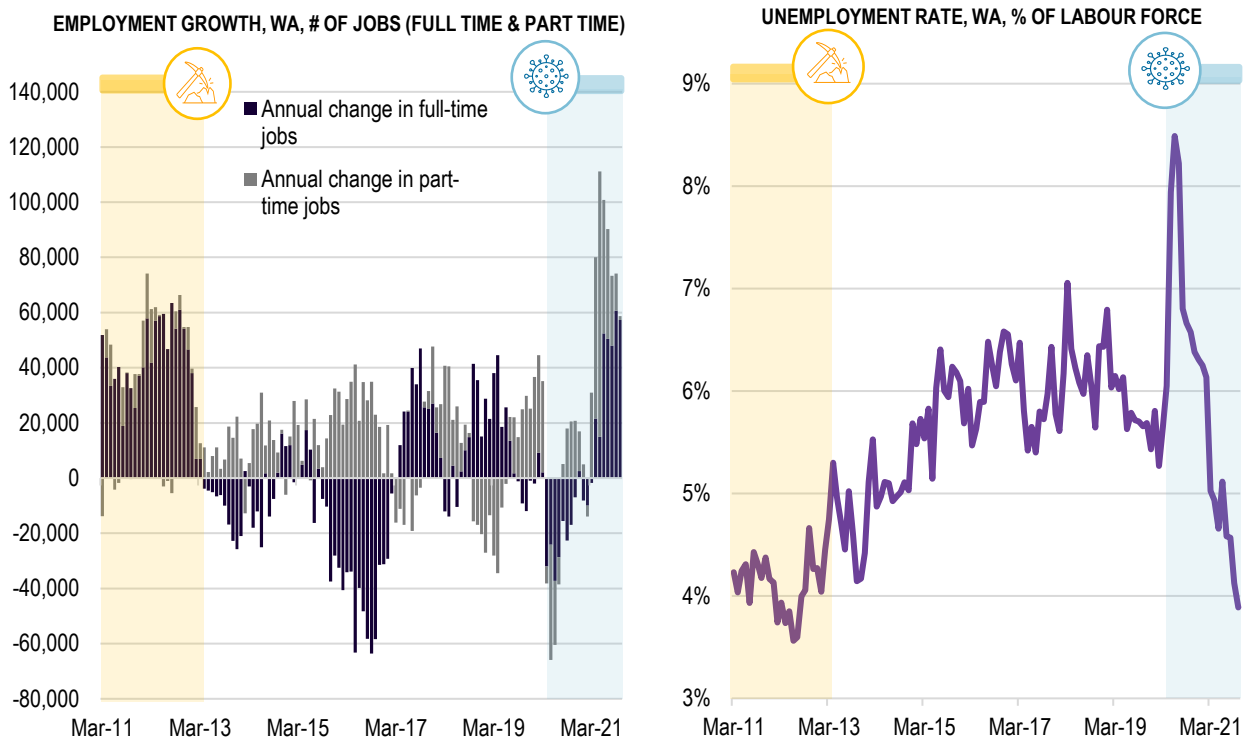
3.3 Labour Market Trends and Outlook

The strong rebound in the Western Australian economy has driven a significant shift in Western Australia's labour market, highlighted by the strong growth in employment and a corresponding reduction in the number of people unemployed. Between May 2020 (when restrictions were eased) and October 2021, there has been an additional 140,500 people employed, almost half of which (61,800) are full time jobs.

At the same time, the number of people unemployed in the State has almost halved to 57,500 by October 2021. This has seen the State's unemployment rate fall from 8.5 per cent in June 2020 to a nine year low of 3.9 per cent in October 2021 (Figure 3.2).

⁴ Department of Treasury (WA). 2021. *2021–22 Budget Papers*. Accessed online at <https://www.ourstatebudget.wa.gov.au/budget-papers.html>

Figure 3.2 Western Australia’s Employment Growth and Unemployment Rate



Source: Australian Bureau of Statistics Quarterly Labour Survey

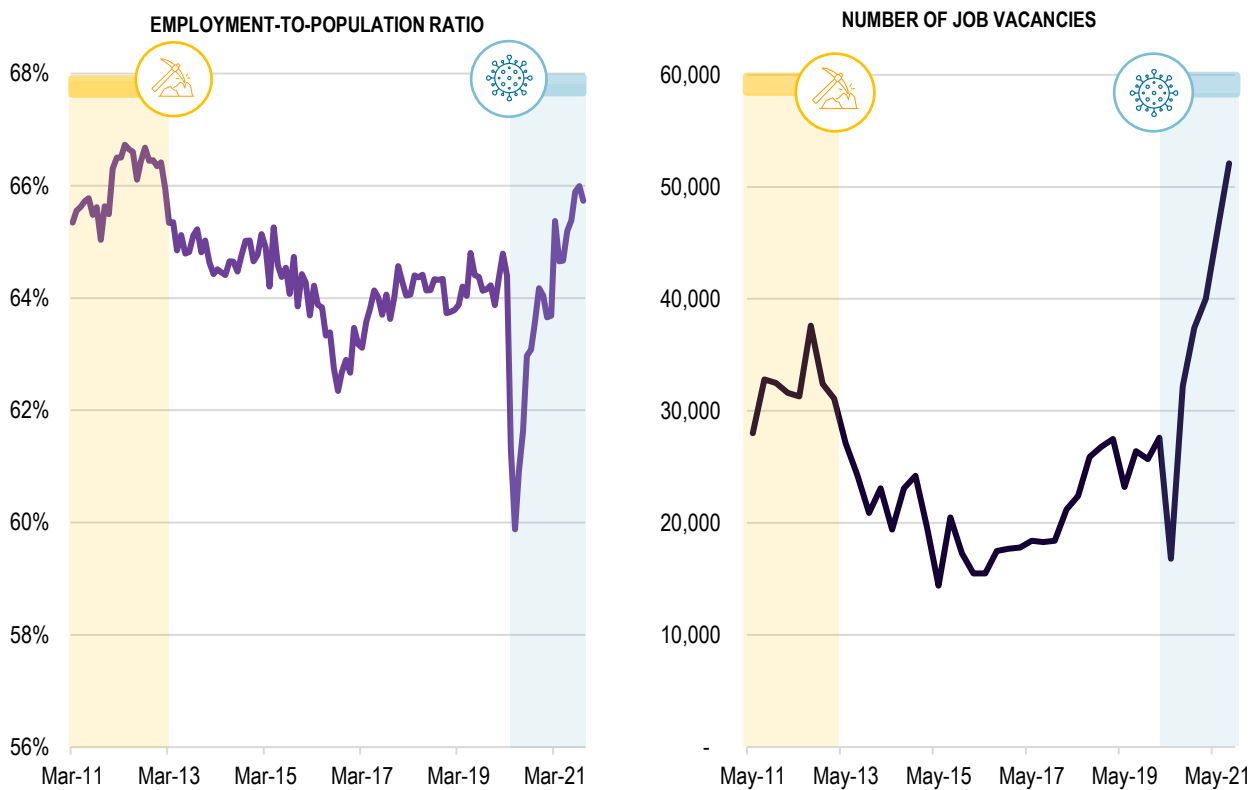
While the tightening of Western Australia’s labour market reflects the rising demand for workers across all sectors of the economy, the impacts have been amplified by supply constraints due to the restrictions on the sourcing of labour from outside of the State. With industry largely limited to recruiting from within the State, the labour market has become increasingly constrained.

This is highlighted by the increase in the State’s employment-to-population ratio, which is now at its highest level since February 2013, while the number of job vacancies in the State continue to reach record highs each month, with some 52,100 jobs reported as vacant in August 2021 – a three-fold increase in the number of job vacancies reported in June 2020 (16,800) (Figure 3.3).

Historically, Western Australia has relied heavily on interstate and international migration, on both a permanent and temporary migration basis, to supplement the local labour supply during times of rising demand. This was certainly the Western Australian experience during the most recent resources boom early last decade, when interstate and international migration surged in response to the demand for labour, and in particular demand for labour associated with mining, energy and construction.

This supply response has been severely curtailed since the start of the pandemic, due to restrictions imposed by the Commonwealth and Western Australian Governments to reduce the COVID-19 risks posed by the movements of people. Evidently, this has limited the level of temporary and permanent migration into Western Australia over the past 12 months.

Figure 3.3 Western Australia’s Employment-to-population Ratio and Job Vacancies



Source: Australian Bureau of Statistics Quarterly Labour Survey and Job Vacancies Survey

In terms of temporary migration, there are currently just 12,009 Section 457 and Section 482⁵ visa holders located in Western Australia, down from 15,179 in March 2020 and from the all-time peak of 43,114 holders in March 2013. Currently, the number of skilled migrants residing in Western Australia is equivalent to 0.8 per cent of the workforce, the lowest percentage on record. This compares with the peak of 3.1 per cent, which was recorded during the most recent resources boom (Figure 3.4).

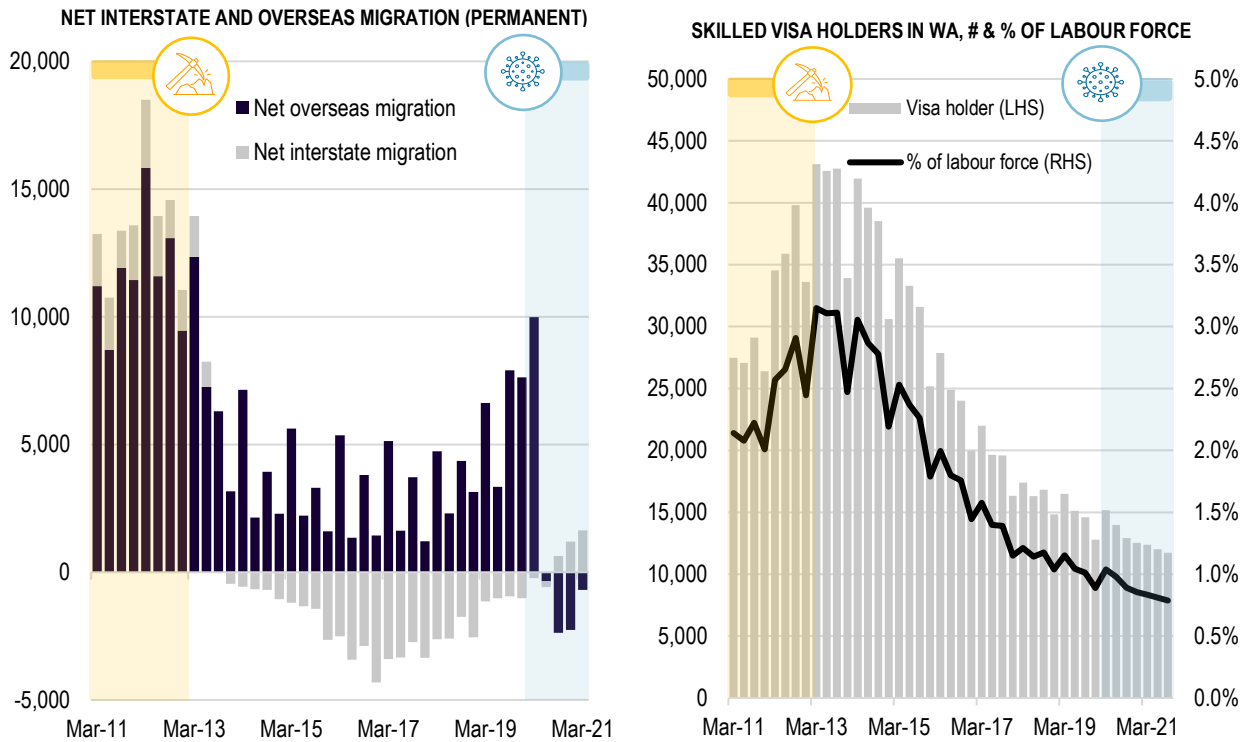
Similarly, permanent migration⁶ from interstate or overseas has fallen to its lowest level in over a decade, with just 7,339 persons added to Western Australia’s population in the last 12 months (Figure 3.4). During the most recent resources boom, the number of permanent interstate and overseas migrants peaked at 56,187 (in the 12 months ending March 2012).

After declining for 28 straight quarters (seven years), Western Australia’s net interstate migration was positive for the two quarters ending 2020 – a period where border restrictions between Western Australia and the rest of Australia were at their loosest. However, since the middle of 2021, the Western Australian Government has reimposed strict interstate border measures as Victoria and New South Wales have been grappling with their worst COVID-19 outbreak yet. With this in mind, net interstate migration into Western Australia is likely to be limited throughout 2021.

⁵ Section 457 and Section 482 visas are part of Australia’s skilled migration scheme. These permit both a skilled individual and their partner / spouse and dependents to reside in Australia for up to four years. The values presented here represent the number of skilled persons, plus number of partners / spouses. The number of dependents is not published.

⁶ This data series is published by the Australian Bureau of Statistics. Permanent migration in this context is the movement of an individual between Australian states where a change of permanent residential address is processed by a relevant government agency for interstate migration, and where the individual advises the Australian Border Force at a customs point that that they are “permanently leaving” or “intending to stay in Australia for at least two years” for international migration.

Figure 3.4 Western Australian Migration Indicators



Source: Australian Bureau of Statistics Australian Demographic Statistics; Department of Home Affairs Migration Statistics

By contrast, net overseas migration has turned sharply negative since the onset of the COVID-19 pandemic, removing what has been a constant and necessary source of population growth and labour supply for Western Australia. This was particularly true in the 12 months leading up to the pandemic, where net overseas migration into Western Australia was 29,062 – the highest rate since the 12 months to December 2013.

On November 5, Australia achieved the milestone of 80 per cent of people aged 16 and over being fully vaccinated⁷. In accordance with the National Cabinet plan⁸, Australia has started to gradually re-open international borders and plans to expand the eligibility criteria with fully vaccinated international students able to travel to Australia without seeking a travel exemption and quarantine-free to participating states or territories from December 1.⁹

As Western Australia moves closer to its vaccination targets over the coming months, the State Government is expected to announce a tentative date for the re-opening of Western Australia to the rest of the world. The resumption of international travel will likely boost overseas migration into the State, albeit there is some uncertainty regarding when migration will revert back to pre-pandemic levels.

Historic evidence suggests Western Australia’s tightening labour market will result in a build-up of wages pressures across the economy. This is demonstrated by the relationship between the Australian Bureau of Statistics’ official Wage Price Index for Western Australia compared to the rate

⁷ The Guardian, 2021, *Covid-19 vaccine Australia rollout tracker*. Accessed online at <https://www.theguardian.com/australia-news/datablog/ng-interactive/2021/nov/25/covid-19-vaccine-rollout-australia-vaccination-rate-progress-how-many-people-vaccinated-percent-tracker-australian-states-number-total-daily-live-data-stats-updates-news-schedule-tracking-chart-percentage-new-cases-today>

⁸ Australian Government. 2021. *National Plan to transition Australia’s National COVID-19 Response*. Accessed online at https://www.pm.gov.au/sites/default/files/media/national-plan-060821_0.pdf

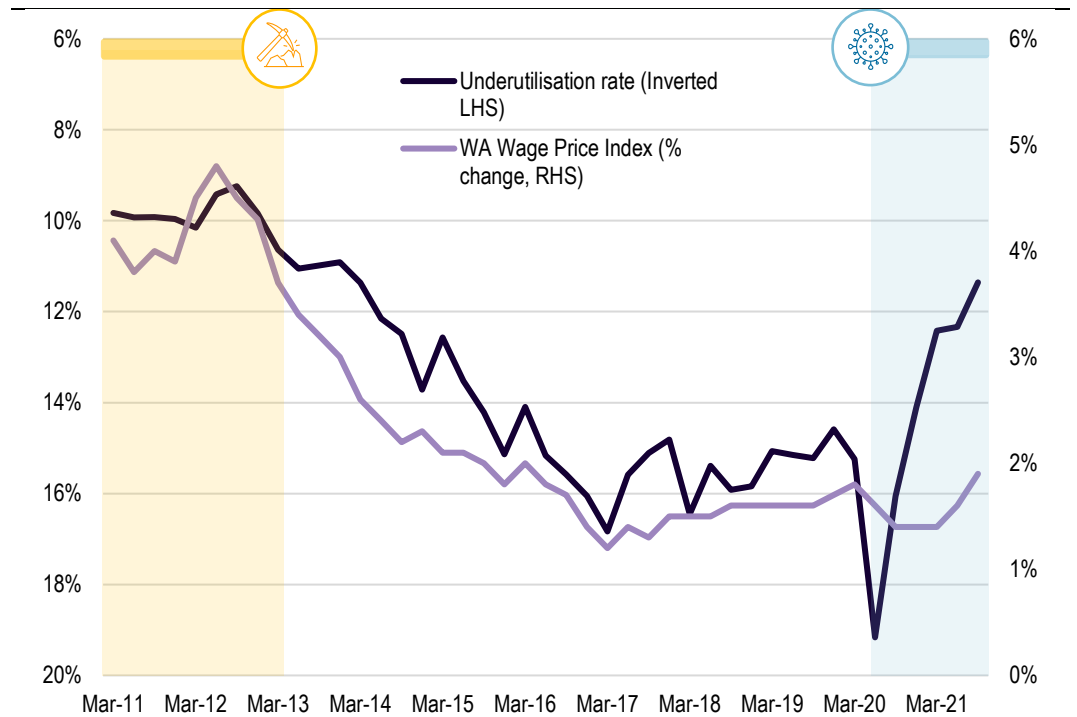
⁹ Australian Government. 2021. Department of Foreign Affairs, *Travel Arrangements for Vaccinated International Students*. Accessed online at <https://covid19.homeaffairs.gov.au/travel-arrangements-vaccinated-international-students>

of underutilisation (unemployment + underemployment) across the labour force. As shown in Figure 3.5, there is strong correlation between a tight labour market (as measured by a low underutilisation rate – inverted in the figure) and growth in the Wage Price Index.

All things being equal, this would suggest the WA Wage Price Index is set to accelerate following years of anaemic growth. As an early indication, the 2021–22 WA State Budget forecasts wages to grow by 2.25 per cent over the next two years.

With the continued closure of the national border and restrictions on interstate travel likely to remain at least until the end of 2021, the expectation is that labour market tightness will persist, which will exacerbate the build-up of wage pressures.

Figure 3.5 Relationship between Labour Market Tightness and Wages, ABS Underutilisation Rate



Source: ACIL Allen, from the Australian Bureau of Statistics Quarterly Labour Survey

Recent Trends in the Aged Care Sector

4

This section provides a more detailed overview of labour market conditions in the Aged Care Sector using publicly available information from the Australian Bureau of Statistics, the Commonwealth Department of Home Affairs, and the Commonwealth Department of Employment. This section will also present the summary results of ACIL Allen's survey of the seven aged care providers, which was conducted to generate the quantitative information to support the modelling in the next section, but also provide valuable insights into the perceptions of the leaders of these organisations.

4.1 Aged Care Workforce Overview

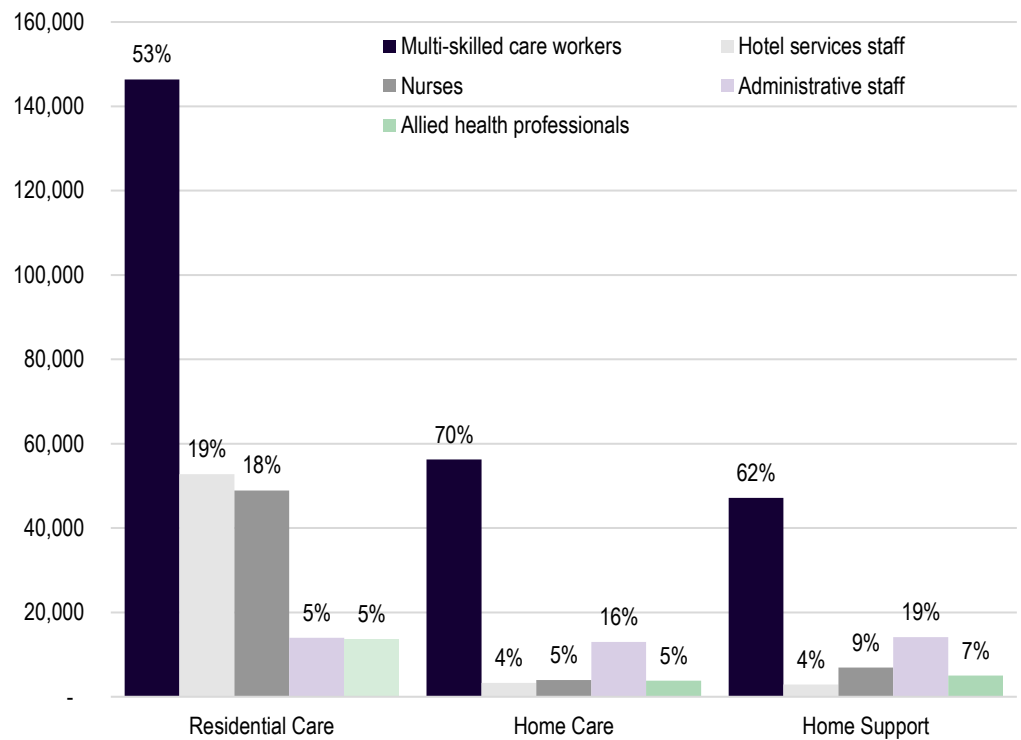
Aged care is fundamentally a people business, where the quality of care provided is dependent on having the right professionals with the right skills in the right place at the right time. These requirements necessitate that aged care providers employ a relatively large and diverse workforce with a mix of professionals specialising in different areas of care.

According to the 2020 Aged Care Workforce Census, the Department of Health estimated that there are currently 432,065 people working in aged care settings across the country performing work in the following occupation classifications:

- Multi-skilled care workers, who assist clients with their daily activities
- Enrolled and registered nurses, who assist with the delivery of health care services
- Allied health professionals, who provide services to maintain and enhance the functions of clients
- Administrative staff, who coordinate and oversee the daily operations of the facility
- Hotel services staff, who perform ancillary roles to support the day-to-day functions of the sector.

The Australian aged care system offers three main types of services, ranging from low levels of at-home support, to moderate levels of home care, and finally to high levels of residential care. The varied levels of care need mean that providers need to draw upon different staff expertise across the service types, which is reflected in their staff breakdown (Figure 4.1).

Figure 4.1 Breakdown of the National Aged Care Workforce by Service Type



Source: Department of Health, 2020 Aged Care Workforce Census Report

Residential care is reserved for older Australians who can no longer live independently in their own homes. These individuals usually have high dependencies arising from underlying health and/or mental conditions. With residential care intended to maintain the quality of life for older Australians, this necessitates the provision of comprehensive care that extends beyond basic personal care and covers health care as well. This means that residential care providers are required to have both nurses and multi-skilled care workers on-site to assist clients.

In contrast, home care and home support would only assign nurses on an as-needed basis. This reflects the less complex needs of home support and home care clients, which often mean that having personal care workers as the primary caregiver would suffice.

Notably, the location of service provision also has important implications on the aged care workforce. This is reflected by the expansive hotel services staff in residential care settings. With clients living permanently in residential care, providers are required to hire staff to perform day-to-day tasks such as cleaning, cooking and laundry. While the home care and home support appear to employ fewer hotel services, many of the sectors staff are required to perform a range of hotel service based on the variety of needs from their clients, who still reside in their own homes.

4.2 Workforce Demand in Aged Care

The Aged Care Sector is part of the Health Care and Social Assistance Industry, which is one of the State fastest growing industries, and its largest employer. Over the next five years, the industry is projected to create at least 27,000 new jobs – far exceeding every other industry in Western Australia, including mining.¹⁰

¹⁰ Department of Employment. 2021. 2020 Employment Projections – for the five years to November 2025. Accessed online at <https://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections>

However, filling these vacancies will be increasingly difficult as economic conditions strengthen across all sectors of the economy. There is also a high degree of competition for workers across the Health and Social Assistance Industry due to the similar workforce requirements and the transferability of skills, which has allowed workers to explore career pathways across a number of sectors within the Industry (Table 4.1).

Table 4.1 Alternative Career Pathways for Aged Care Workers

Occupations	Disability services	Medical services	Hospitals	Other residential care
Multi-skilled care workers	✓		✓	✓
Registered nurses	✓	✓	✓	✓
Enrolled nurses	✓	✓	✓	✓
Hotel services	✓		✓	✓
Administrative staff	✓		✓	✓
Allied health professionals	✓	✓	✓	✓

Source: ACIL Allen

Historically, the Health Care and Social Assistance Industry has relied on a mix of domestic and foreign labour to address its workforce requirements. However, the onset of the pandemic and ensuing border restrictions has closed off this source of labour, forcing the Industry to increasingly look to the local workforce to fill vacant roles.

Increased competition for workers in an increasingly scarce market has seen the **number of job vacancies for aged care worker occupations reach new record highs each month** (Figure 4.2), including for:

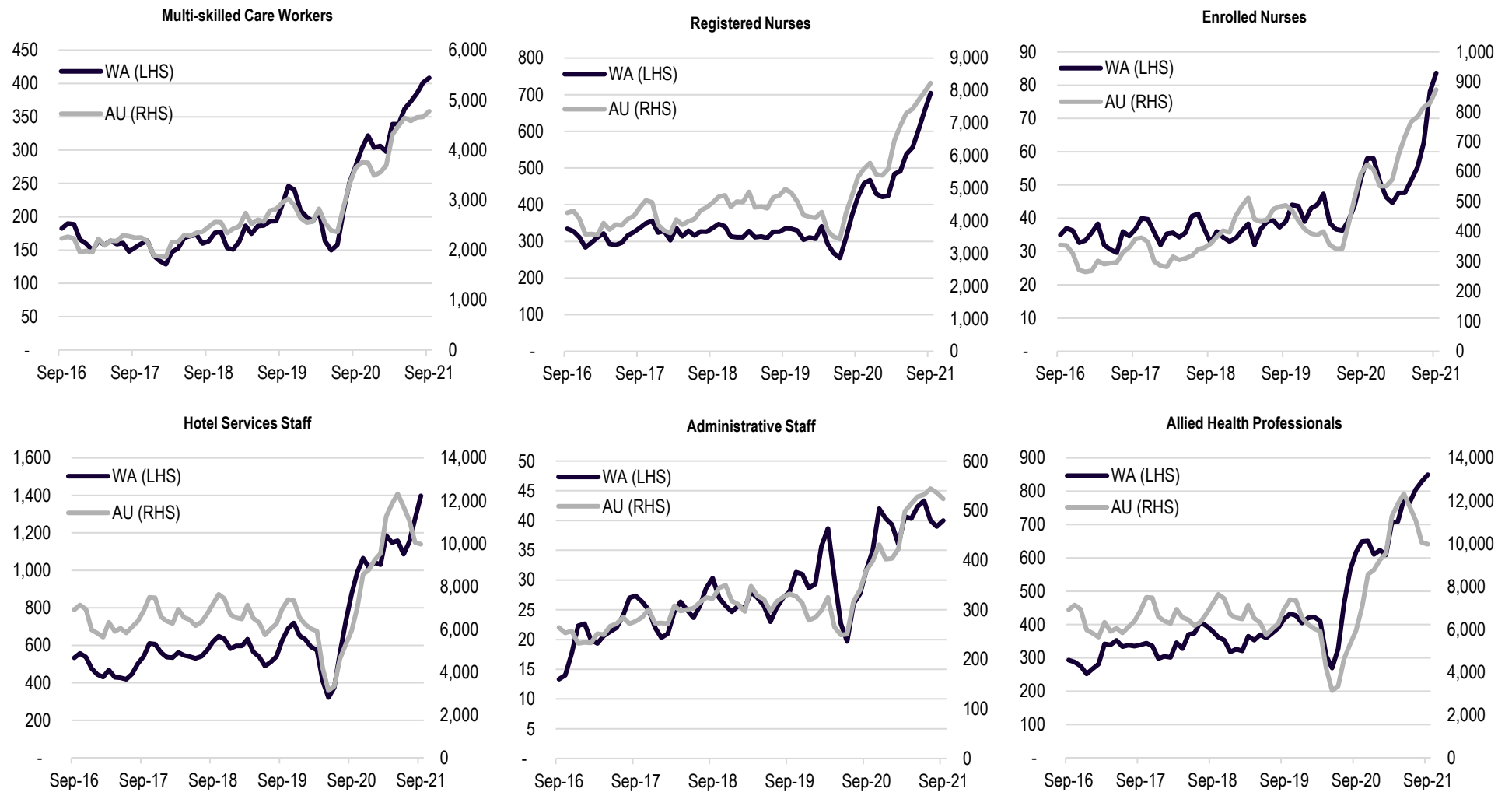
- Multi-skilled care workers: 408 vacancies, up 96 per cent from March 2020 (highest on record)
- Registered nurses: 704 vacancies, up 107 per cent from March 2020 (highest on record)
- Enrolled nurses: 84 vacancies, up 77 per cent from March 2020 (highest on record)
- Hotel services staff: 1,398 vacancies, up 143 per cent from March 2020 (highest on record)
- Administrative staff: 40 vacancies, up 3 per cent from March 2020
- Allied health professionals: 850 vacancies, up 107 per cent from March 2020 (highest on record).

Key Finding 1 Labour Shortages in Aged Care

The Health Care and Social Assistance Industry, which includes the Aged Care Sector, is the State’s largest employer and fastest growing sector. The industry has traditionally relied on a mix of domestic and foreign labour to address its workforce requirements. With the onset of the pandemic closing off the ability to source labour from overseas, strong growth in the sector has this has seen the number of job vacancies in aged care occupations spike over the past year to record highs.

As of September 2021, job vacancies were highest for: Hotel services staff (1,398 vacancies, up 143 per cent since March 2020), Allied health professionals (850 vacancies, up 107 per cent), Registered nurses (704 vacancies, up 107 per cent) and Multi-skilled care workers (408 vacancies, up 96 per cent).

Figure 4.2 Total Vacancies for Aged Care Worker Occupations, Western Australia vs Australia



Source: Department of Employment Vacancy Report

4.3 Workforce Supply in Aged Care

Assessing the state of labour supply at an industry level is challenging due to the more limited reporting of workers who are not currently engaged in the workforce. However, trend analysis of data which is made available can provide some indication of how the supply outlook is changing and impacting on conditions in the labour market more broadly.

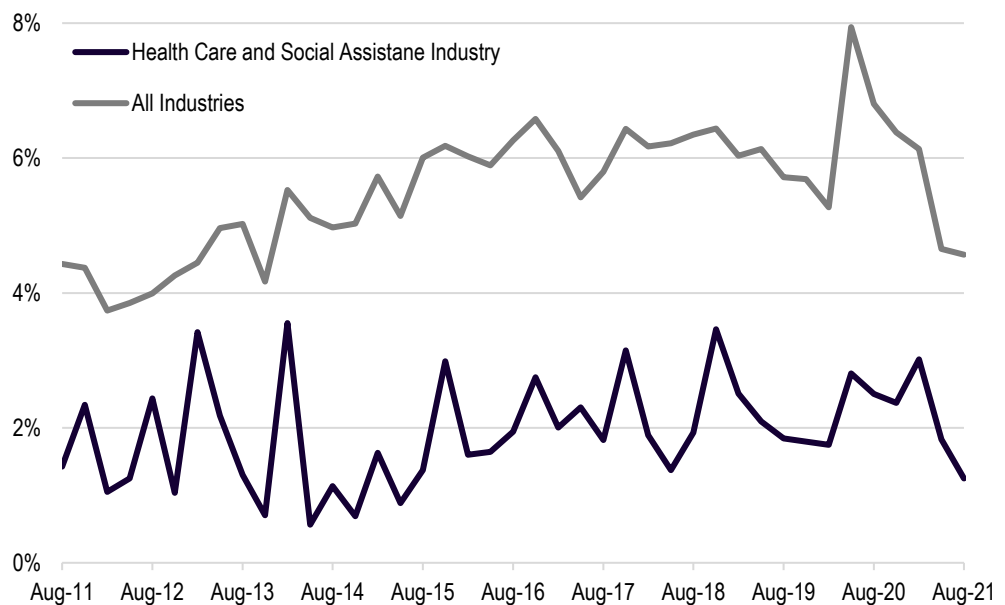
The quarterly Labour Force Survey, as conducted by the Australian Bureau of Statistics, asks people deemed unemployed which industry they last worked in prior to becoming unemployed. This is a reasonable estimate of latent supply of labour available to service demand in a particular industry, although it is not perfect as skills held by individuals may be transferrable between industries.

For the Health Care and Social Assistance Industry, entry into the industry is not as straightforward, as industry participants are usually required to attain relevant certifications or university degrees prior to working in the industry. This is in recognition of the industry’s interaction with vulnerable populations, which necessitates the introduction of minimum staff qualification as part of its safeguard mechanisms.

On that basis, ACIL Allen derived an estimate of unemployment rate for the health care and social assistance industry, by adding the stock of unemployed persons who last worked in the industry to the number of employed persons. Movements in the industry’s unemployment rate is broadly reflective of the labour market dynamics in Aged Care, as the sector shares most of its workforce with the Health Care and Social Assistance Industry.

Historically, the Western Australian Health Care and Social Assistance Industry has managed to operate under tight labour market conditions, with the persistently low unemployment suggesting that any additional labour supply is quickly absorbed by the industry. This is demonstrated in Figure 4.3, which shows that the industry’s unemployment rate has fluctuated around 1.9 per cent over the past decade, despite the fluctuations in economic conditions in recent years.

Figure 4.3 Quarterly Unemployment Rate in Western Australia, All Industries vs Health Care and Social Assistance Industry



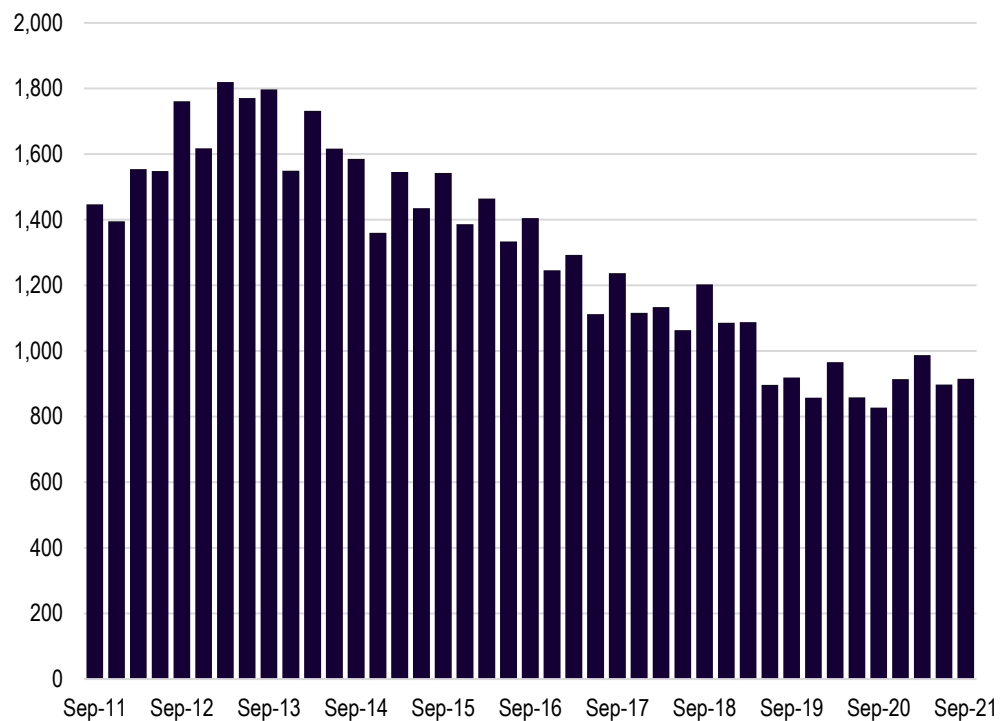
Source: ACIL Allen, from Australian Bureau of Statistics Quarterly Labour Survey

This compares to Western Australia’s average rate of unemployment of 5.5 per cent over the same period.

With labour supply unable to respond to increased demand for labour in the Industry, labour market conditions have become increasingly acute, with the unemployment rate falling from 2.8 per cent in May 2020 to just 1.3 per cent in August 2021 – the lowest rate since the peak in the resource investment boom in 2012 and 2013.

The lack of a supply response to industry demand for workers is highlighted in the number of skilled migrants sponsored across the Industry, with the average number of skilled migrants coming to Western Australia to work in the Industry about half the levels recorded during the resources investment boom in 2012 and 2013 when labour market conditions were similarly tight (Figure 4.4). The ability for the supply of labour to respond to surging demand back in 2012 and 2013 was critical to ensuring the Industry continued to provide essential services to the community.

Figure 4.4 Skilled Migrants Sponsored by a Health Care and Social Assistance Industry Entity in Western Australia, Number Active at End of Quarter



Source: Department of Home Affairs Migration Statistics

Key Finding 2 Workforce Supply Constraints in Aged Care

The Health Care and Social Assistance Industry has typically recorded low levels of unemployment due to the consistent and growing demand for services that is required by the community. ACIL Allen estimates that the rate of unemployment in the Industry has averaged just 1.9 per cent each year, compared to the average rate for Western Australia of 5.5 per cent. Since the onset of the pandemic, the industry has faced increasingly tight labour market conditions, with the unemployment rate falling from 2.8 per cent in May 2020 to a six-year low of 1.3 per cent in August 2021.

The lack of a supply response to industry demand for workers is clearly highlighted in the number of skilled migrants sponsored across the Industry, which is currently only at half the levels recorded during the resources investment boom in 2012 and 2013 when labour market conditions were similarly tight. The ability for the supply of labour to respond to surging demand back in 2012 and 2013 was critical to ensuring the Industry continued to provide essential services to the community.

4.4 Aged Care Sector CEO Survey

To understand the implications of labour shortages on the aged care sector in Western Australia, ACIL Allen conducted a survey of CEOs in the sector. The survey required CEOs to consider the implications of labour shortages over the past six months, and over the next six months *assuming* labour shortages persist. In particular, the survey aims to capture CEO perspectives on:

- the impact that labour shortages have had on their business
- how their business responded to these shortages
- potential measures which are needed to address these shortages.

The survey was in field from 13 October to 21 October 2021, and received responses from ten aged care providers. Responses from these providers offer invaluable insights into the Western Australian aged care sector as these providers have a total of 3,130 FTE staff under employment, which represents around 20 per cent of the sector's workforce.

4.4.1 Impact of Labour Shortages on the Aged Care Sector

Figure 4.5 shows that the majority of aged care sector CEOs consider that labour shortages have adversely affected their business, with impacts likely to worsen going forward.

These concerns are shared across all service types, which suggest that labour shortages are now endemic throughout the sector. The aged care workforce is already strained as 80 per cent of respondents have cited that labour shortages has had a significant to extreme impact on staff workload. There is also growing consensus (i.e. 90 per cent of respondents) that the severity of this issue is expected to worsen. The heavier workload is likely to lead to greater staff attrition, given the sector's already demanding workload.¹¹

To combat this, providers will need to incur higher costs to attract and retain staff as aged care workers become increasingly scarce. This is the current experience for 80 per cent of respondents, who indicated that there has been a significant to extreme impact on costs over the past six months. Significantly, the expectation is that higher costs will persist, with at least 90 per cent of respondents anticipating this.

The majority of respondents have also raised concerns over adverse impacts if labour shortages remain unresolved. For instance, at least 70 per cent of respondents expect labour shortages to have a significant to extreme impact on their capacity to accept new users going forward. In light of Australia's ageing population, demand for aged care service will continue to grow. The divergence

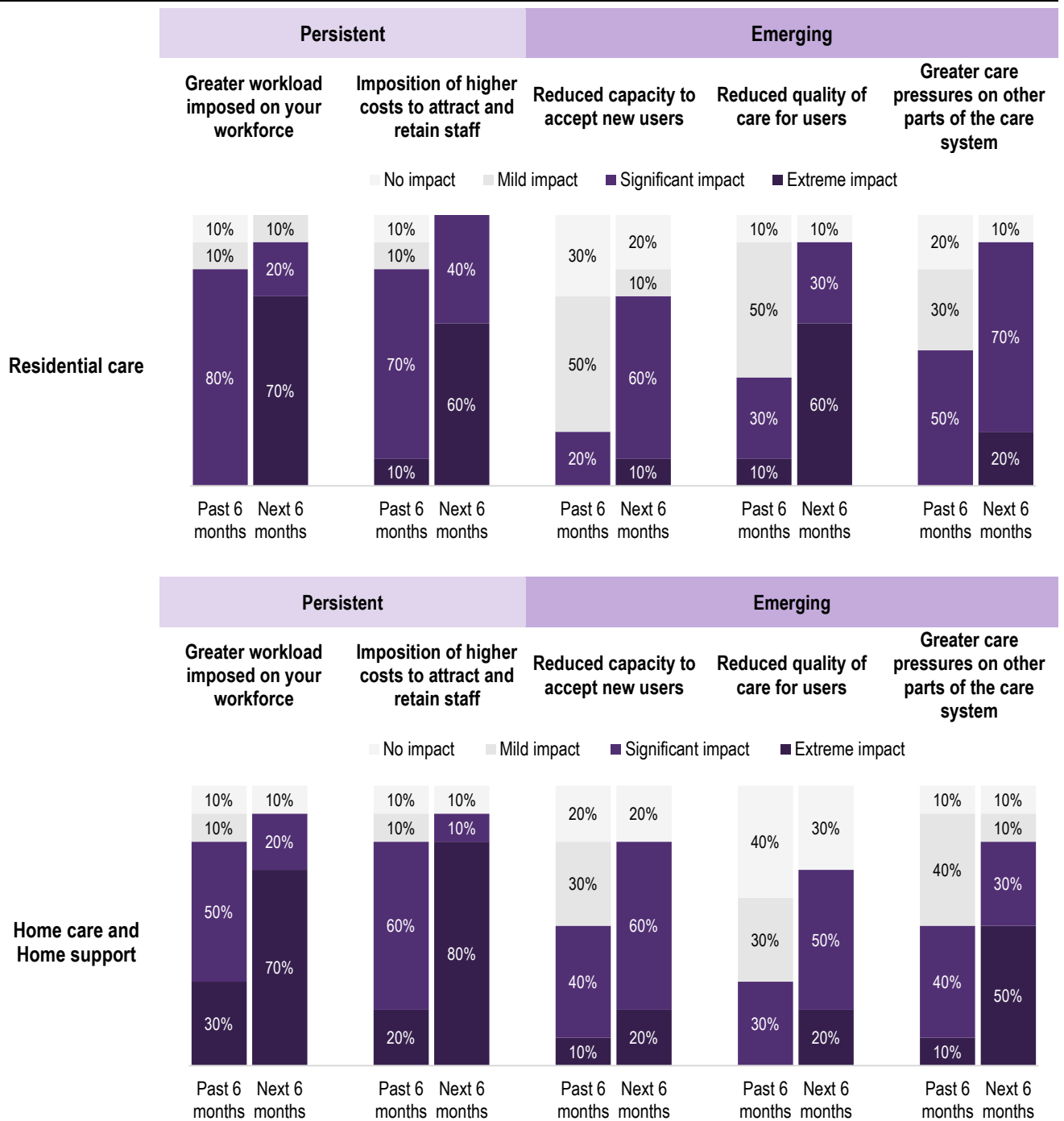
¹¹ Royal Commission into Aged Care Quality and Safety. 2021. *Final Report: Care Dignity and Respect*. Accessed online at <https://agedcare.royalcommission.gov.au/publications/final-report>

between service demand and actual service provision will likely result in unmet care needs, which escalates the risk of premature deterioration of life outcomes.

With the increasingly acute labour shortages, providers are also expecting the quality of care to be compromised, as at least 70 per cent of respondents have indicated labour shortages will have a significant to extreme impact on the quality of care.

As aged care edges closer to its capacity limit, there will be flow-on effects throughout the broader care system as resources are required to be drawn from other sectors to keep up with its service demand. This sentiment is shared by at least 80 per cent of respondents.

Figure 4.5 Aged Care Sector CEO Perspectives – Impact of Labour Shortages on the Sector



Source: Aged Care Sector CEO Perceptions Survey

Key Finding 3 Impact of Labour Shortages on the Aged Care Sector

The majority of providers consider that labour shortages have adversely affected their business, with impacts likely to worsen going forward. These concerns are shared across all service types, which suggest that labour shortages are now endemic throughout the sector.

The aged care workforce is already strained due to greater workloads. The heavier workload is likely to lead to greater staff attrition, given the sector's already demanding workload. According to the 2020 Aged Care Workforce Census Report, 34 per cent of the direct care workforce in Home Care and 29 per cent in Residential Care had left their employment during 2020. In an effort to combat this level of attrition, the sector has incurred higher costs to attract and retain staff.

The majority of respondents have also raised concerns over adverse impacts if labour shortages remain unresolved. The divergence between service demand and actual service provision will likely result in unmet care needs, which escalates the risk of premature deterioration of life outcomes. The majority of respondents indicated labour shortages will have a significant to extreme impact on the quality of care.

As aged care edges closer to its capacity limit, there will be flow-on effects throughout the broader care system as resources are required to be drawn from other sectors to keep up with its service demand.

4.4.2 Measures to Respond to Labour Shortages

Figure 4.6 shows that the majority of aged care sector CEOs are prepared to intensify their responses to labour shortages if conditions continue to deteriorate.

Over the past six months, the majority of respondents (i.e. 90 per cent) have responded to labour shortages by increasingly their reliance on agency staff. A majority of CEOs (70 per cent) also responded that they were increasingly using overtime to address workforce gaps.

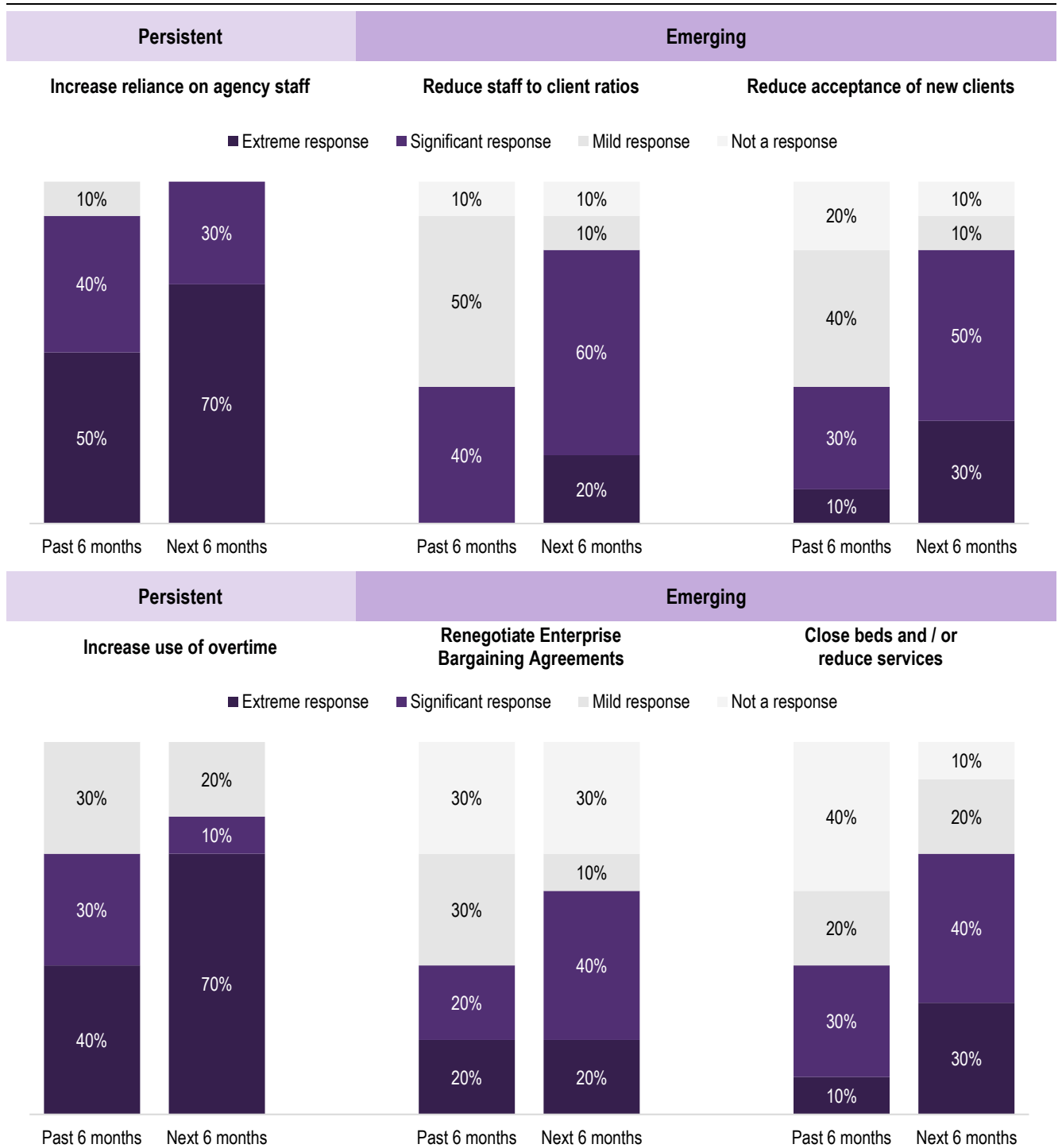
Looking ahead over the next six months, the survey results revealed that all respondents are predicting the need to increase their use of agency resources on the expectation that labour shortages will worsen. An increasing percentage of respondents (80 per cent) also believed that they would need to increase the payment of overtime hours to current staff.

However, given the current level of utilisation across these two measures, it is likely that these measures will have limited ability to alleviate the increasingly acute labour shortages. The survey results show that providers are considering alternative measures to address this issue over the next six months. While the majority of providers (60 per cent) are now proactively considering ways to increase the attractiveness of their organisation through the conditions included in their new enterprise agreements, of concern is the increasing percentage of respondents that believe that they will need to look at ways of reducing their overall levels of service to address their workforce constraints. In particular:

- 80 per cent of respondents reported that they would need to look at reducing staff to client ratios over the next six months (up from 40 per cent in the past six months)
- 80 per cent of respondents reported that they would need to reduce their level of acceptance to new clients over the next six months (up from 40 per cent in the past six months)
- 70 per cent of respondents reported that they would need to close beds and/or reduce their level of service to existing clients (up from 40 per cent in the past six months).

While these measures would only ever be a last resort, it does demonstrate the depth of concern by the State's leading aged care providers about the consequences of labour shortages in their organisations.

Figure 4.6 Aged Care Sector CEO Perspectives – Measures to Respond to Labour Shortages



Source: Aged Care Sector CEO Perceptions Survey

Key Finding 4 Responses to Labour Shortages

The majority of providers prepared to intensify their responses to labour shortages if it persists. Over the past six months, the sector has responded to labour shortages by increasing its reliance on agency staff, and increasing its use of staff overtime.

However, given the current level of utilisation across these two measures, it is likely that these measures will be limited in its ability to alleviate the increasingly acute labour shortages. As such, providers will need to explore alternative measures to address this issue.

While the majority of providers (60 per cent) are now proactively considering ways to increase the attractiveness of their organisation through the conditions included in their new enterprise agreements, of concern is the increasing percentage of respondents that believe that they will need to look at ways of reducing their overall levels of service to address their workforce constraints. In particular: 80 per cent of respondents are looking at reducing staff to client ratios over the next six months (up from 40 per cent in the past six months); 80 per cent of respondents are looking to reduce their level of acceptance to new clients over the next six months (up from 40 per cent in the past six months); and 70 per cent of respondents are looking to close beds and/or reduce their level of service to existing clients (up from 40 per cent in the past six months).

While these measures would only ever be a last resort, it does demonstrate the depth of concern by the State's leading aged care providers about the consequences of labour shortages in their organisations.

4.4.3 Potential Measures to Address Labour Shortages

Figure 4.7 shows the order of preference for potential measures to address labour shortages in the Aged Care Sector.

The introduction of **travel ban exceptions via an unskilled migration visa program** was identified as the most preferred solution to increasingly acute labour shortages, with 40 per cent of respondents ranking it as their first preference. This preference likely stems from the sector's past experience of dealing with labour shortages, which was to increase its reliance on migrant workers.

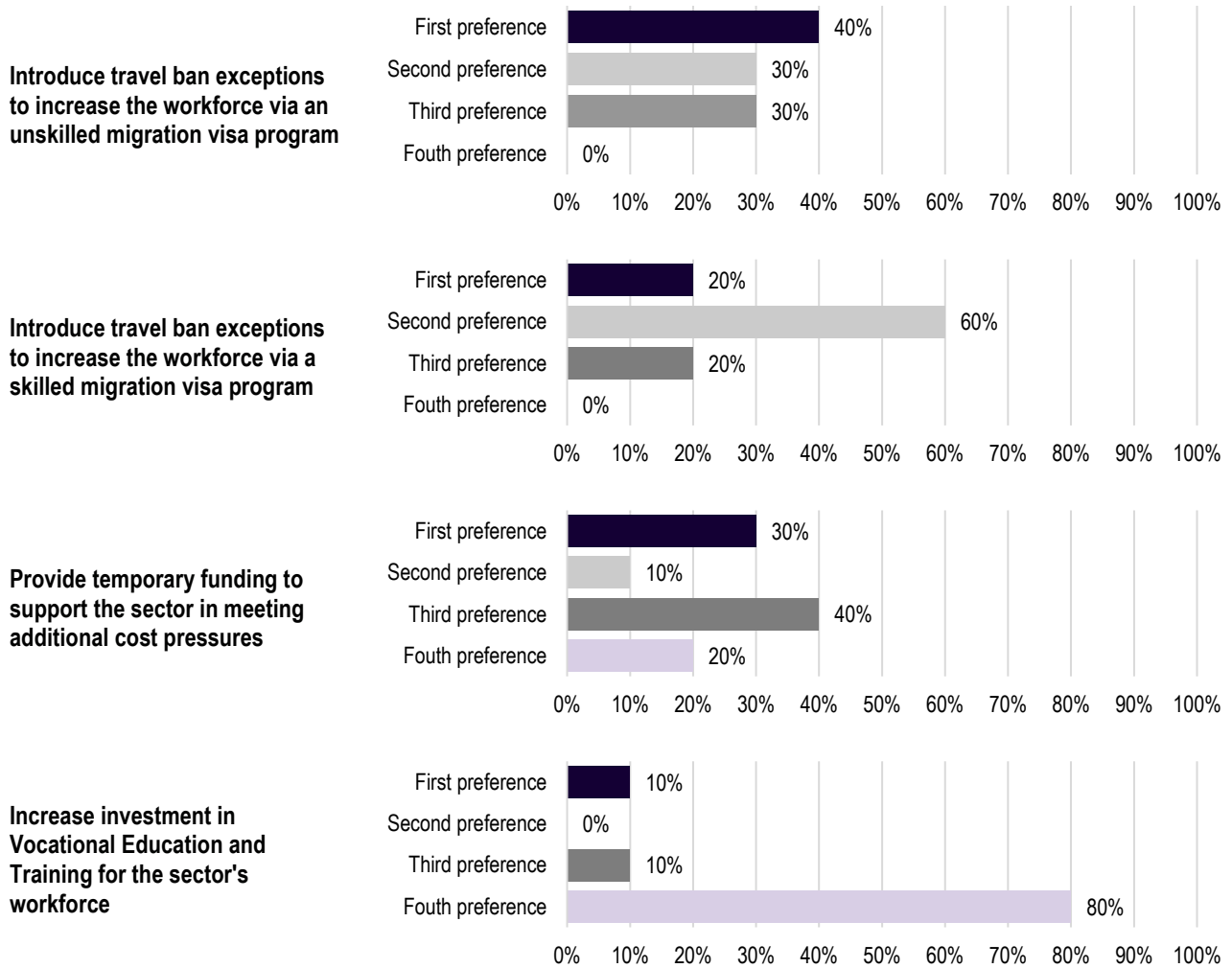
Similarly, the introduction of **travel ban exceptions via a skilled migration visa program** was the next most preferred solution, with 60 per cent of respondents indicating it as their second preference.

There was a mixed responses for the provision of **temporary funding to support the sector**, with 30 per cent ranking it as their first preference and 40 per cent of respondents ranking it as their third preference. Given the sector has historically lacked the financial capacity to compete for staff, this solution may be viewed by some providers as a way to level the playing field.

There was minimal support for **increasing investment in Vocational Education and Training** for the sector's workforce, as 80 per cent of respondents ranked it as their least preferred solution. The lack of support may be reflective of the medium-to-long term nature of this solution, which makes it less relevant given the immediacy of their current workforce challenges.

In addition to ranking from a pre-defined list of measures, the survey allowed respondents to provide an open-ended response to measures they would like to see introduced by the State Government to address labour shortages in the sector. These responses broadly reflected the measures described above, but through the development of a **holistic aged care workforce strategy**.

Figure 4.7 Aged Care Sector CEO Perspectives – Potential Measures to Address Labour Shortages



Source: Aged Care Sector CEO Perceptions Survey

Key Finding 5 Potential Measures to Address Labour Shortages

Given the immediacy of the workforce challenges facing the Aged Care Sector, survey respondents were strongly in favour of solutions that could deliver immediate results. CEO respondents strongly supported measures that would enable the sector to rapidly recruit both unskilled and skilled labour through the migration visa program. This preference also reflects sector’s longer term reliance on migrant workers to address its workforce needs.

There were mixed responses for the provision of temporary funding to support the sector, although 30 per cent of respondents indicated that this was their first preference in address the challenge of labour shortages.

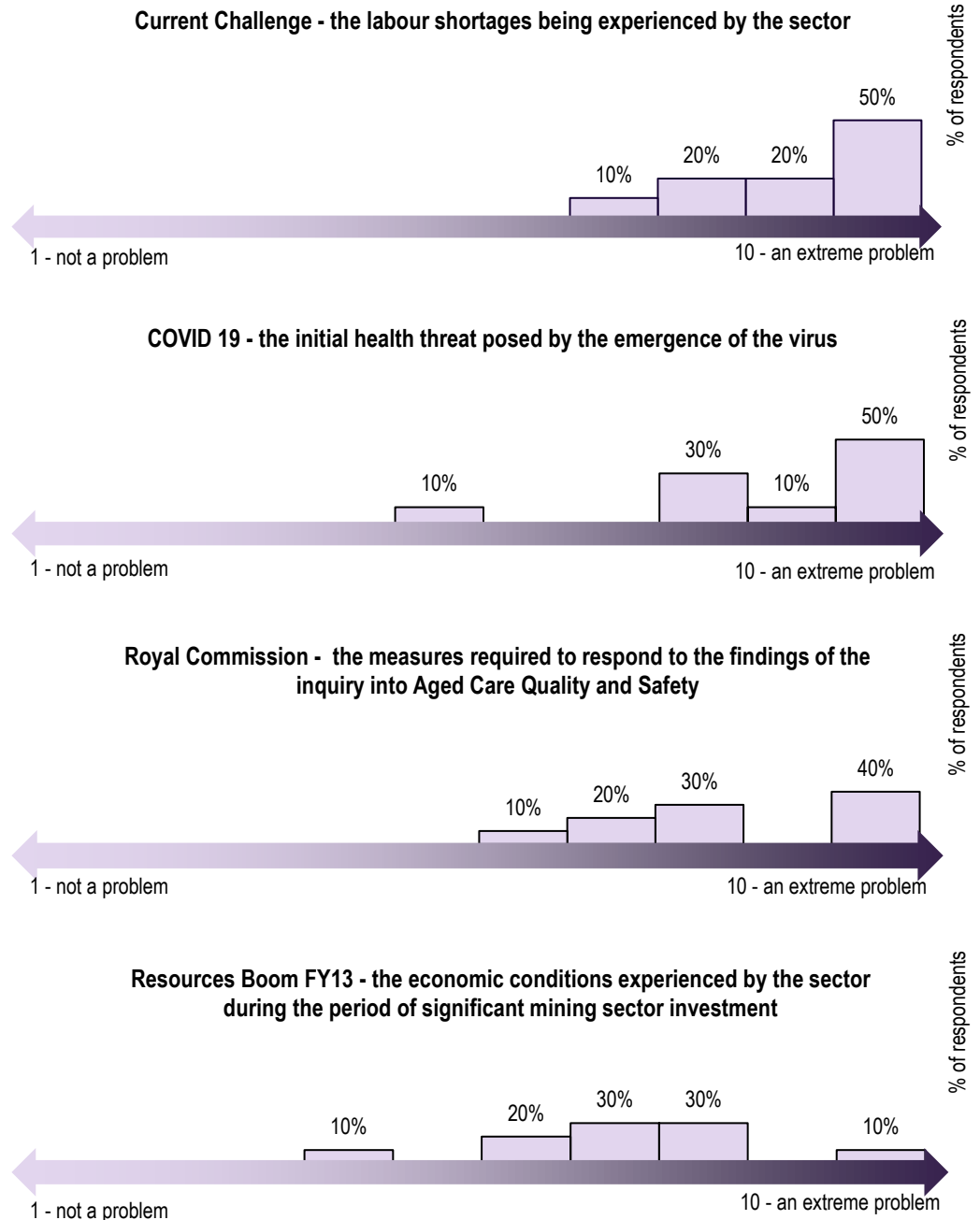
There was minimal support for increasing investment in Vocational Education and Training for the sector’s workforce, which is likely a reflection of the medium-to-long term nature of this solution, which makes it less relevant given the immediacy of labour shortages.

In the context of these results, the free text responses to the survey also revealed the need for a holistic aged care workforce strategy to be developed.

4.4.4 Severity of Challenges Faced by the Sector

Figure 4.8 shows the perspective of aged care sector CEOs on the current labour shortages, using a ten-point severity rating scale. The scale exists on a continuum, with a score of 1 indicating it is not a problem while a score of 10 indicates that it is an extreme problem. As a comparison, respondents also considered the severity of other challenges faced by the sector in recent years.

Figure 4.8 Aged Care Sector CEO Perspectives – Severity of challenges faced



Source: Aged Care Sector CEO Perceptions Survey

The majority of respondents consider the current labour shortages as the sector’s most challenging issue yet, with 70 per cent respondents scoring it above 9. This compares with the most recent resources boom, where only 10 per cent of respondents scored it greater than 9, which is likely a reflection of the sector’s ability to be able to address labour shortages during this time through interstate and overseas recruitment.

The initial health threat posed by the emergence of COVID-19 is broadly considered to have the same severity as the current labour shortages. This is unsurprising given the elevated risk of adverse health outcomes for older individuals should they contract the virus.

There were some concerns in relation to the severity of challenges arising from the Royal Commission into Aged Care Quality and Safety, albeit slightly less pronounced relative to current labour shortages. This may be reflective of the lead time that providers have to respond to the recommendations of the Royal Commission.

Key Finding 6 Severity of Challenges Faced by the Sector

The survey results show that Sector CEOs believe that the current labour shortages to be most challenging issue they have confronted in the past decade, and far more challenging than the most recent period of labour shortages in Western Australia during the resources investment boom last decade.

The initial health threat posed by the emergence of COVID-19 is broadly considered to have the same severity as the current labour shortages. This is unsurprising given the elevated risk of adverse health outcomes for older individuals should they contract the virus.

There were some concerns in relation to the severity of challenges arising from the Royal Commission into Aged Care Quality and Safety, albeit slightly less pronounced relative to current labour shortages. This may be reflective of the lead time that providers have to respond to the recommendations of the Royal Commission.

Implications of Labour Shortages

5

This section presents the results of ACIL Allen's assessment of the implications of labour shortages in the Aged Care Sector, and provides some broad directions for the WA Government to address acute labour shortages in the short to medium term.

5.1 Modelling approach

ACIL Allen has developed a modelling approach to estimate the magnitude and impact of the labour shortages in the WA Aged Care Sector workforce. The framework is based on forecasting the difference between the care needs of the WA community (demand) and the capacity of the sector to provide care (supply) between June 2021 and December 2022.

In addition to public information and modelling undertaken for the *Economic and Social Impact of the Aged Care in Western Australia* study, ACIL Allen has drawn upon operational data requested from each of the seven participating aged care providers to support the development of the modelling framework and assumptions.

5.2 Results

The results are presented in four sections:

- an introduction to the workforce trends and characteristics observed from the provider data
- demand for aged care services
- supply of aged care services
- initial assessment on the impact of labour shortages.

5.2.1 Workforce Trends and Characteristics

According to data provided by each of the seven participating Aged Care providers, the following trends were observed among the sector's workforce:

- **Working / skilled visa holders:** Around one-third of Residential Care workers hold a working or skilled visa. The highest rates of visa holders are among Multi-skilled Care Workers, Hotel Services staff and Registered Nurses. The sector's reliance on visa holders is 20 times higher than observed in the broader economy where an estimated 1.5 per cent of workers hold a working visa¹².

¹² Based on 197,070 skilled and other employed visa holders at 31 August 2021 (Source: Department of Home Affairs, BP0012) and a 12,884,600 employed persons at September 2021 (Source: Australian Bureau of Statistics, Labour Force, Australia)

- **Working tenure:** The average working tenure across the sector is 5 years and 4 months, which is higher than the average for Australian workers, at 3 years and 4 months¹³. Tenure was similar across Home Care / Home Support and Residential Care.
- **Agency Staff:** Residential care services have become increasingly reliant on agency staff. Across the Residential Care sector, the proportion of shifts filled by agency staff has doubled since 2019 and is as high as 10 per cent of the Residential Care workforce for some providers.
- **Unfilled shifts:** The proportion of residential care staff shifts that were open or unfilled has been growing rapidly for some providers. In FY19 and FY20, an average of between two and four per cent of shifts were unfilled. In FY21, this rate grew to eight per cent and in the first three months in FY22, as many as a quarter of shifts were unable to be filled, with the most acute shortages among Enrolled and Register nursing staff.

Key Finding 7 Workforce Trends and Characteristics

Compared to workers in other sectors of the economy, Residential Aged care workers are estimated to be 20 times more likely to hold a working visa and remain with their employer for two years longer on average. The sector is increasingly experiencing an inability to fill shifts and has increased its reliance on agency staff.

5.2.2 Demand for Aged Care services

Estimates for the projected demand for Aged Care services were sourced from the *Economic and Social Impact of the Aged Care in Western Australia* study.

The study found that in June 2021, an estimated:

- 16,519 people will use Residential Care services
- 11,478 people will use Home Care services
- 62,399 people will use Home Support services.

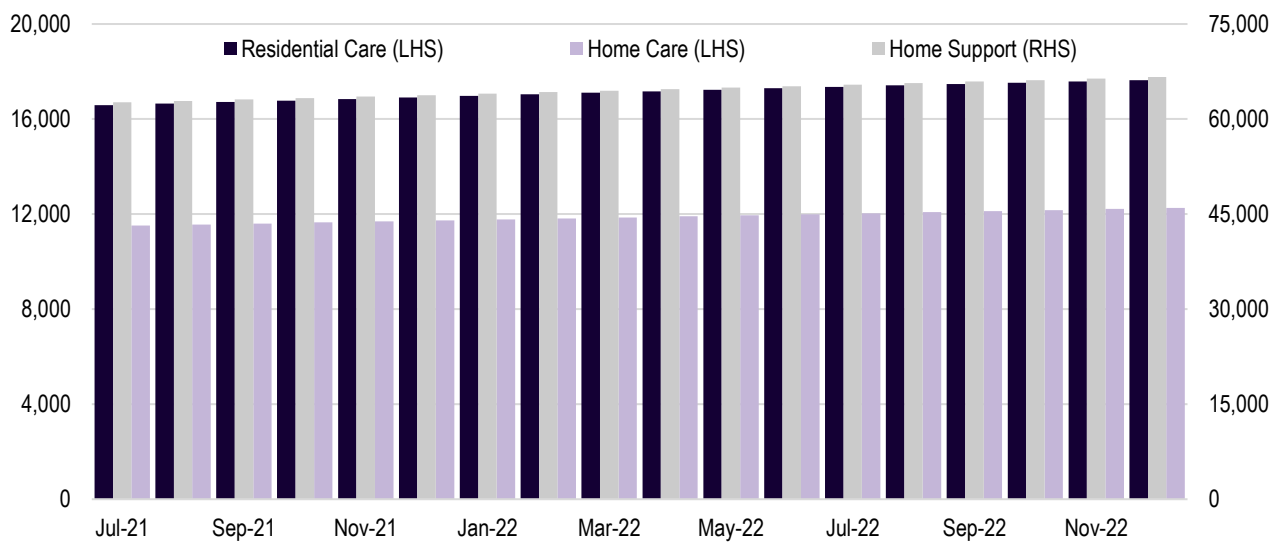
The forecast demand for Aged Care services between July 2021 and December 2022 is presented in Figure 5.1 below. Overall, demand for services in the sector is projected to grow by an annual rate of four per cent over the period.

Key Finding 8 Demand for Aged Care Services

Demand for Aged Care services is projected to grow by an annual rate of four per cent between June 2021 and December 2022. There were an estimated 16,584 people using residential care services in June 2021, for which demand is projected to grow by an average 62 users each month over the forecast period.

¹³ Melbourne Institute, (2021), Household, Income and Labour Dynamics in Australia (HILDA) Survey.

Figure 5.1 Demand for Aged Care Services, Western Australia



Source: ACIL Allen

5.2.3 Supply of Aged Care Services

The capacity of the sector to deliver aged care services needs to be considered in the context of the capacity and demand in each service line (i.e. Home Support, Home Care, and Residential Care). In the first instance, ACIL Allen forecast the capacity of the sector to provide Residential Care services. These are the most resource intensive services and will in turn influence the demand on other service lines, as people who are unable to receive Residential Care may seek out Home Care and Home Support services, or rely on other care options.

ACIL Allen used provider data to develop a forecast for the capacity of the sector to provide Residential Care services. This included an analysis of historic data¹⁴ on activity by service line, full time equivalent (FTE) workers, bed utilisation and minutes worked per occupation group per bed day. ACIL Allen used data shared by each of the service providers to build up a representative profile of the sector and then scaled up the sample to establish a sectoral view based on findings in the *Economic and Social Impact of the Aged Care in Western Australia* study.

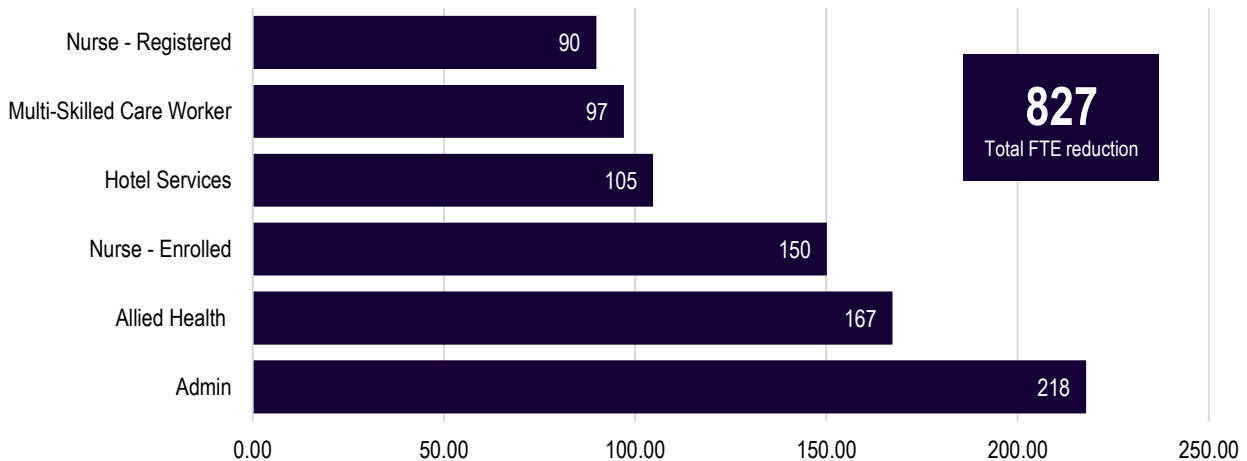
To support this analysis, ACIL Allen also relied on data from the WA Department of Health to estimate the number of people in hospital who were medically ready for discharge, but waiting for aged care services.

ACIL Allen’s analysis found that demand for Residential Care services currently exceeds the sector’s capacity to deliver services and that as of June 2021, labour shortages across the sector had resulted in an **estimated 347 people being unable to access Residential Care services**.

This reflects the inability for the sector to service these needs, with **ACIL Allen estimating that employment in the sector had declined by an estimated 827 operational FTE workers over FY21**, as shown in Figure 5.2.

¹⁴ Data was provided for FY13, FY19 – FY21 and monthly data for June, July and August in FY22.

Figure 5.2 Reduction in Aged Care Sector operational workforce during FY21 (FTE terms)



Source: ACIL Allen analysis of Aged Care provider data

The losses were highest among Administrative Staff (i.e. Service Managers and Roster Clerks), Allied Health staff, and Enrolled Nurses. It was noted from the CEO Perceptions Survey that the workforce is currently facing increasing working pressures and the attraction of higher paying jobs in other sectors.

Given the direct impact workers have on the capacity¹⁵ of the sector to provide Residential Care, ACIL Allen’s modelling presents three possible scenarios based on the extent to which the sector¹⁶ is able to retain workers:

- **Low Shortage Scenario:** Under this scenario, the sector is assumed to sustain a workforce at June 2021 levels.
- **Medium Shortage Scenario:** Under this scenario, the sector is assumed to experience a 0.15 per cent reduction in workforce each month from June 2021 onwards. This is half the rate of loss experienced during FY21.
- **High Shortage Scenario:** Under this scenario, the sector is assumed to experience a 0.30 per cent reduction in workforce each month from June 2021 onwards. This is based on the rate of loss during FY21.

The results of these scenarios are presented in Figure 5.3.

Overall, ACIL Allen’s modelling showed the following key results:

- Under the **Low Shortage Scenario**, the sector will have the capacity to care for 16,172 people over the assessment period, with the **shortfall in capacity increasing from 347 in June 2021 to 1,470 by December 2022.**
- Under the **Medium Shortage Scenario**, the sector’s capacity to care for people will decline from 16,172 in June 2021 to 15,741 in December 2022, with the **shortfall in capacity increasing from 347 in June 2021 to 1,901 by December 2022.**
- Under the **High Shortage Scenario**, the sector’s capacity to care for people will decline from 16,172 in June 2021 to 15,320 in December 2022, with the **shortfall in capacity increasing from 347 in June 2021 to 2,321 by December 2022.**

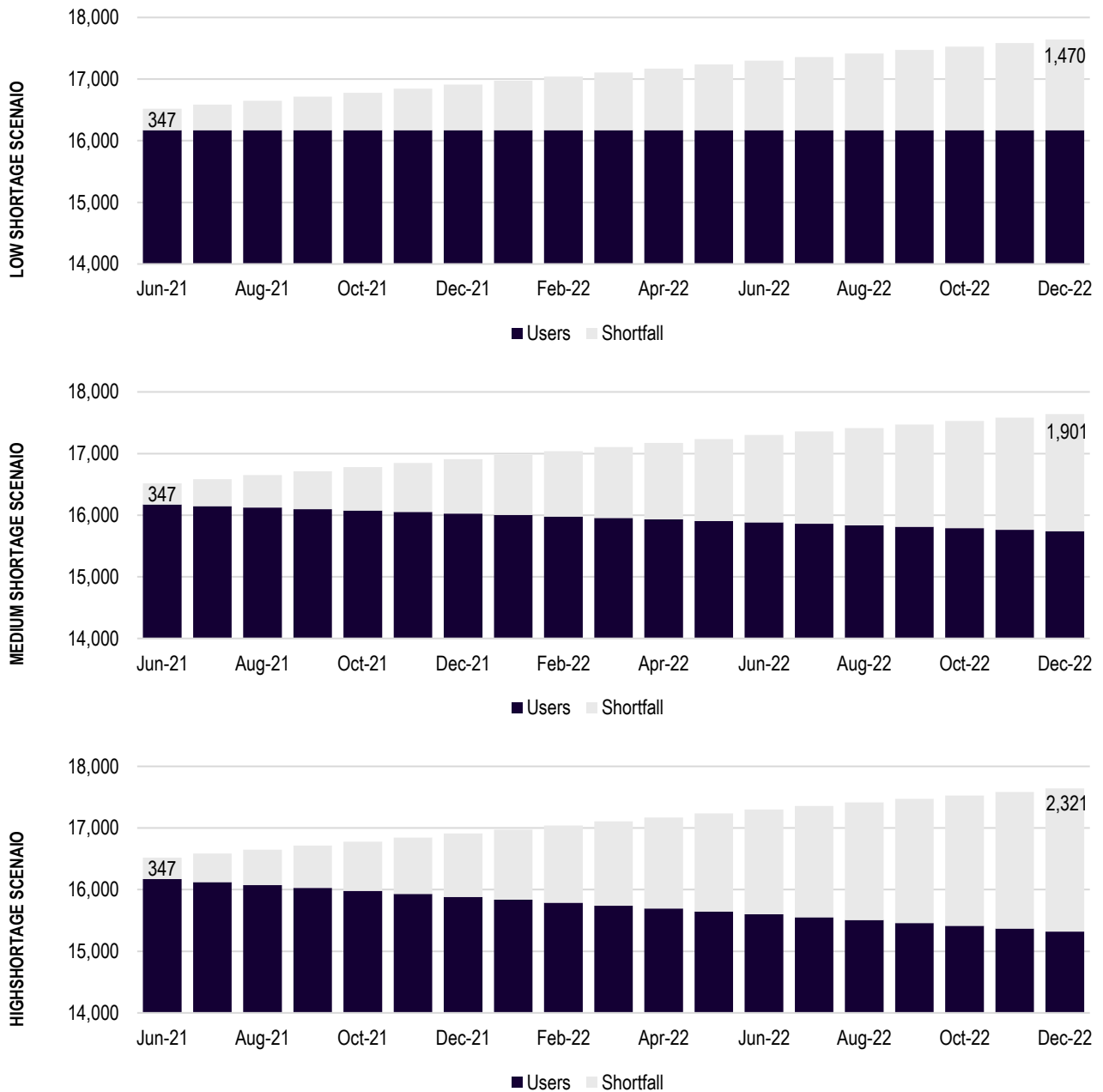
¹⁵ Note that this analysis does not account for the changes to the minimum staff time standard which are to take effect in July 2022, and will increase the sectors workforce needs and may therefore generate a greater impact than estimated in this analysis.

¹⁶ This analysis does not make a distinction between aged care service provision in metropolitan and regional areas. Barriers to recruitment and higher wages costs challenges may mean labour shortages are greater in regional areas.

Key Finding 9 Supply of Aged Care Services

Residential care services in WA are currently unable to meet demand within the sector. In June 2021, an estimate 347 people were unable to access Residential Care services. The capacity constraints have been exacerbated by a reduction in the Residential Aged Care workforce during FY21. Modelling performed by ACIL Allen estimates the shortfall in capacity could reach between 1,470 and 2,321 people by December 2022.

Figure 5.3 Estimated Shortfall in Residential Care Services



Source: ACIL Allen modelling

5.2.4 Impact of Labour Shortages

The residential care labour shortages, and corresponding constraints on the capacity of the sector to provide care for people, will create a number of flow-on impacts. For the purposes of this study, ACIL Allen has quantified the three impacts of these labour shortages, namely:

- The impact and cost to the WA Hospital System
- The impact and costs of health outcomes to the individual
- The impact and costs to family members of those unable to access care.

The magnitude of the above impacts is determined by the alternative care assumed to be received by each of those unable to access residential care services.

ACIL Allen has assumed those unable to access residential care will receive three possible types of supports:

- Hospital inpatient care: people are admitted to hospital and receive inpatient care while awaiting Residential Care services¹⁷. ACIL Allen estimates that 50 per cent of those unable to access residential care are admitted to hospital. This estimate is based on analysis of the current shortages in the sector and a data excerpt¹⁸ from the WA Department of Health.
- Home Care services: people access home care packages while awaiting Residential Care services. ACIL Allen estimates that the residual volume of unmet demand is equally allocated to Home Care packages and Family / Kin care. Reflecting this assumption, if 25 per cent of those are unable to access Residential Care receive Home Care, this will require growth in Home Care services to be more than 5 times higher¹⁹ than was projected based on historic demand. If the sector is unable to accommodate this level demand, people will rely on hospital and family care, imposing greater costs than those estimated in this report.
- Family / Kin care: people are cared for by family members / kin while awaiting Residential Care services. As outlined above, the residual unmet demand was equally apportioned between Home Care and Family / kin care, and as such 25 per cent of those unable to access Residential Care are cared for by Family members / Kin.

ACIL Allen has drawn on the assumptions applied in the *Economic and Social Impact of the Aged Care in Western Australia* study to model the cost of the above impacts. The key modelling assumptions are presented in Table 5.1, with the modelling results presented in Figure 5.4 below.

Table 5.1 Modelling Assumptions

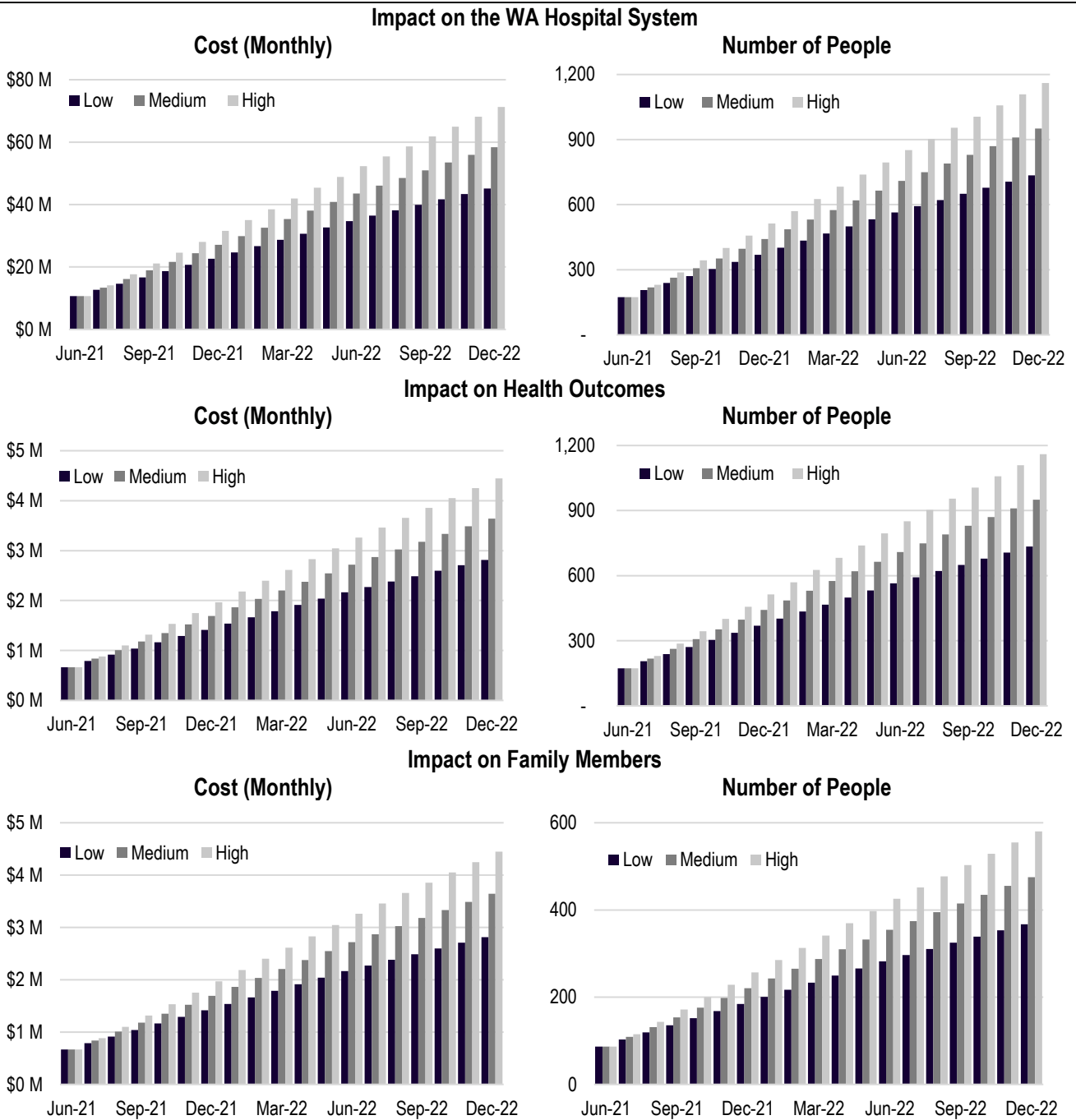
Assumption	Estimate	Source
Cost of Inpatient Care / Day	\$2,020	Australian Institute of Health and Welfare
Value of a Statistical Life Year	\$216,88	Department of Prime Minister and Cabinet
Disability Weight for Inpatient Care	0.2119	Global Burden of Disease Study
Carer Costs / Hour- Leisure	\$20.00	ACIL Allen
Carer Costs / Hour- Gross Product	\$141.55	Australian Bureau of Statistics

¹⁷ Note that this activity is assumed to be in addition to that which occurs under the Transitional Care Program, where people enter a TCP facility to recuperate after hospital and to plan for their long-term living arrangements.

¹⁸ ACIL Allen has used a single month (June 2021) estimate for the reliance on inpatient service for those awaiting aged care service provided by the WA Department of Health. More comprehensive data was not available at the time of this study.

¹⁹ ACIL Allen had previously projected Home Care demand to grow by 514 users in FY22. Under this latest modelling, demand will increase by 2,827 users in FY22. This modelling does not account for the 8,000 increase in home care packages (pro rata, based on WA's population) announced by the Federal Government to take effect over 2021-22 and 2022-23 which will place greater strain on the service and may therefore generate a greater impact than estimated in this analysis.

Figure 5.4 Impact of Labour Shortages



Source: ACIL Allen modelling

Without appropriate mitigation, labour shortages are projected to generate the following impacts:

- The cost to the **WA Government to provide inpatient care** to those awaiting Residential Care services is projected to rise from \$10.7 million per month in June 2021 to between \$45.1 million and \$71.3 million per month by December 2022. This equates to an increase from 174 people occupying inpatient beds while awaiting residential care in June 2021, to between 735 and 1,160 people by December 2022. ACIL Allen estimates that the **cumulative direct impact on the WA Government due to increase health system costs is between \$539.5 million and \$790.1 million.**

- The cost to **individuals in terms of poorer health outcomes** associated with receiving care in a hospital rather than in Residential Care setting is estimated to rise from \$0.7 million per month in June 2021 to between \$2.8 million and \$4.4 million in December 2022. ACIL Allen estimates that the **cumulative cost to individual in terms of poor health outcomes is between \$33.6 million and \$49.3 million.**
- The cost to **kin and family members to provide care** to those awaiting residential care services is projected to rise from \$0.9 million per month in June 2021 to between \$4 million and \$6.3 million per month by December 2022. This equates to an increase from 87 people receiving care from kin / family members while awaiting Residential Care in June 2021, to between 367 and 580 people by December 2022. ACIL Allen estimates that the **cumulative cost to kin and family members to provide care to those awaiting residential care is between \$48.0 million and \$70.2 million.**

Overall, ACIL Allen estimates that the impact of labour shortages in the Aged Care Sector will have impose significant costs to the WA Government and the community more broadly. **Over the study period between June 2021 and December 2022, ACIL Allen estimates that the cumulative cost could amount to between \$621.1 million and \$909.6 million if labour shortages in the Aged Care Sector are not adequately addressed as a matter of priority.**

Key Finding 10 Impact of Labour Shortages

Labour shortages in the Aged Care sector are projected to impose a significant cost to the WA Government, to those in need of aged care services, and their kin / family members. ACIL Allen estimates that labour shortages in the Sector are expected to see the total costs to the community rise from \$12.3 million in the month of June 2021 to between \$52.0 million and \$82.1 million per month by December 2022, and a cumulative cost of between \$621.1 million and \$909.6 million over this period if not adequately addressed.

5.3 Summary Findings

The results presented in this Section highlight the significant impacts that acute labour shortages in the Aged Care Sector will have without corrective action. **The Sector is facing the perfect storm whereby demand continues to grow in line with the ageing population, yet its capacity to service current demand, let alone future demand, is being significantly compromised by labour shortages.**

Residential care services in WA are currently unable to meet demand within the sector. In June 2021, it is estimated that there were 347 people were unable to accesses Residential Care services. Looking ahead, **ACIL Allen estimates the shortfall in capacity could reach between 1,470 and 2,321 people by December 2022.**

The inability of the Aged Care Sector to service this shortfall will impose significant costs on the WA Government through the health system, and also significant health costs to those requiring aged care services, and their kin and families to the extent that they will be required to provide support in the absence of the services from the Aged Care Sector.

ACIL Allen estimates that the **costs to the WA Government and the community more broadly will increase from \$12.3 million in the month of June 2021 to between \$52.0 million and \$82.1 million by December 2022 and a cumulative impact of between \$621.1 million and \$909.6 million over this period.**

These results reflect the concerns held by WA's leading aged care providers, which consider labour shortages to be a more significant issue for the Sector than the threat posed by the COVID-19 pandemic or the implications of the Royal Commission. Sector CEOs also consider labour

shortages today to be far more serious than the challenges posed by labour shortages during the resources investment boom last decade.

Given the significant health and financial consequences that will materialise if the Aged Care Sector is not able to recruit and retain a workforce to meet the demand for aged care services, immediate actions are required which will require the leadership and support of governments at a State and Federal level.

While it is beyond the scope of this report to discuss the necessary responses to the challenges faced by labour shortages, the responses to the *CEO Perceptions Survey* presented in Section 4.4 provide an important starting point for future discussions.

Appendix

Aged Care Sector CEO Survey Questionnaire

Aged Care CEO Perceptions Survey - Labour Shortages

ACIL Allen has been engaged to provide an independent assessment of the implications of labour shortages on the Aged Care Sector in WA.

To support our assessment, we have designed this survey to capture your perceptions on the increasingly acute labour shortages in the Aged Care Sector.

In particular, we are looking to understand the impact the labour shortages have had on your business, how you have responded and which measures you think are needed to effectively address the challenge. The perceptions you share in this survey will provide an important qualitative dimension to the overall assessment and complement the quantitative modelling we will also be undertaking as part of the project.

Your responses will be confidential and only reported in aggregate in our analysis.

If you have any questions about this survey or the assessment, please contact Michael Clark (ACIL Allen, Senior Consultant) via m.clark@acilallen.com.au or 08 9449 9611.

1. To help us track who has responded to this survey, please tell us which organisation you represent

2. And what is your role?

In relation to your Home Care and Home Support service lines, please consider the impact of labour shortage on your business: 1) over the past six months, and 2) over the next six months if labour shortages persist.

3. Workforce: Greater workload imposed on your workforce

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Quality: Reduced quality of care for users

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Activity: Reduced capacity to accept new users

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Financial: Imposition of higher costs to attract and retain staff

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. System: Greater care pressures on other parts of the care system, such as hospitals

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In relation to your Residential Care service line, please consider the impact of labour shortages on your business: 1) over the past six months, and 2) over the next six months if labour shortages persist.

8. Workforce: Greater workload imposed on your workforce

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Quality: Reduced quality of care for users

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Activity: Reduced capacity to accept new users

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Financial: Imposition of higher costs to attract and retain staff

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. System: Greater care pressures on other parts of the care system, such as hospitals

	Extreme impact	Significant impact	Mild impact	No impact
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please consider the extent to which your organisation 1) has responded with the following measures over the past six months and 2) will respond with the following measures if labour shortages persist over the next six months.

13. Increase reliance on agency staff

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Increase use of over-time

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Reduce staff to client ratios

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. Reduce acceptance of new clients

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. Renegotiate Enterprise Bargaining Agreements

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Close beds and / or reduce services

	Extreme response	Significant response	Mild response	Not a response
Over the past six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Please rank in order of your support for the following potential measures to address labour shortages in the sector?

Increase investment in Vocational Education and Training for the sector's workforce

Introduce travel ban exceptions to increase the workforce via a **skilled** migration visa program

Introduce travel ban exceptions to increase the workforce via an **unskilled** migration visa program

Provide temporary funding to support the sector in meeting additional cost pressures

20. Are there any other State Government measures you would like to see introduced to address labour shortages in the sector?

21. On a scale of 1 - 10, please rank the severity of the following challenges that have faced the sector in recent years

	1 - not a problem	2	3	4	5	6	7	8	9	10 - an extreme problem
Current Challenge - the labour shortages being experienced by the sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
COVID 19 - the initial health threat posed by the emergence of the virus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Royal Commission - the measures required to respond to the findings of the inquiry into Aged Care Quality and Safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resources Boom FY13 - the economic conditions experienced by the sector during the period of significant mining sector investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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