



Minimum Aged Care Staff Times	
Party:	Independent Member for Indi
<p>Summary of proposal:</p> <p>The proposal has two components.</p> <p>Component 1 would bring forward the start date of the mandatory care time standard from 1 October 2023 to 1 October 2022.</p> <ul style="list-style-type: none">• From 1 October 2022, the minimum staff time standard would require approved providers to engage registered nurses, enrolled nurses, and personal care workers for at least 200 minutes per resident per day for the average resident, with at least 40 minutes of that staff time provided by a registered nurse.• From 1 October 2022, residential aged care facilities must have one registered nurse on site per residential aged care facility for 16 hours per day. <p>Component 2 would increase the minimum care time standard from 1 October 2024 as follows:</p> <ul style="list-style-type: none">• The minimum staff time standard would require approved providers to engage registered nurses, enrolled nurses and personal care workers for at least 215 minutes per resident per day for the average resident, with at least 44 minutes of that staff time provided by a registered nurse.• Residential aged care facilities should have one registered nurse on site per residential aged care facility at all times.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$2,340 million over the 2022-23 Budget forward estimates period. The financial implications reflect the impact of increases in administered and departmental expenses.

The proposal would be expected to have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

Announced at the 2021-22 Budget, funding under the Australian National Aged Care Classification (AN-ACC) model will commence on 1 October 2022 with the introduction of mandatory care time standard from 1 October 2023. Under this proposal, bringing forward the mandatory care time standard from 1 October 2023 to 1 October 2022 (Component 1) will have a nil financial impact, as the baseline funding under the AN-ACC funding model commences from 1 October 2022.

The financial implications of this proposal are sensitive to assumed wage levels and become more uncertain over the medium term. The Parliamentary Budget Office (PBO) has not assessed:

- whether the supply of aged care workers including registered nurses would be sufficient to work the specified additional time

- the implications for personal income tax revenue or transfer payments associated with sourcing any additional aged care workers
- any broader implications for the health, hospital and aged care systems under the proposal, including the specified wage increases and the competition for labour within the health sector.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-	-	-960.9	-1,375.5	-2,336.4
Underlying cash balance	-	-	-960.9	-1,375.5	-2,336.4

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- The average hourly rate for aged care workers remains consistent with the current average wages of aged care workers, grown in line with growth in average weekly earnings.
- For the 24/7 nurse care requirement, only small facilities with an average of 34 residential care places would require additional funding under the proposal.
- A night loading of 30% would be applied to the hourly wage rate for registered nurses working onsite overnight at affected aged care facilities.

Methodology

The administered expense for increasing aged care carer minutes was estimated based on the aged care costing model of 2021-22 Budget measure — *Government response to the Royal Commission into Aged Care Quality and Safety — residential aged care services and sustainability*.

The administered expense for 24/7 nurse care was estimated by multiplying the additional number of registered nurse hours required under the proposal by the hourly registered nurse wage rate which is projected to grow in line with average weekly earnings, inclusive of night loading.

The ongoing departmental expense of the proposal was calculated by estimating the annual cost of administering the wage increase payments per employee under the proposal. Both the initial and ongoing costs were based on an existing program of similar size and complexity.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Finance and the Treasury provided the economic parameters as at the *2022-23 Budget*.

The Department of Health provided aged care funding models as at the *2022-23 Budget*.

¹ https://www.apf.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

The Department of Health provided estimates of departmental expenditure for the capability review of the Aged Care Quality and Safety Commission as at 12 April 2021.

The Department of Health provided information on the 2021-22 Budget measure *Aged Care — Government response to the Royal Commission into Aged Care Quality and Safety — workforce*, as at 3 March 2021.

Australian Bureau of Statistics (2021) [Average Weekly Earnings, Australia](#), accessed 20 December 2021.

Australian Institute of Health and Welfare (2021) [Size of residential aged care services over time](#), Australian Government, accessed 20 December 2021.

Department of Health (2021) [2020 Aged Care Workforce Census Report](#), Australian Government, accessed 20 December 2021.

The StewartBrown (2021) [Aged Care Sector Report](#), The StewartBrown, accessed 23 March 2022.

Attachment A – Minimum Aged Care Staff Times – financial implications

Table A1: Minimum Aged Care Staff Times – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Administered													
Component 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Component 2	-	-	-950.0	-1,360.0	-1,460.0	-1,570.0	-1,680.0	-1,800.0	-1,930.0	-2,080.0	-2,220.0	-2,310.0	-15,050.0
Total – administered	-	-	-950.0	-1,360.0	-1,460.0	-1,570.0	-1,680.0	-1,800.0	-1,930.0	-2,080.0	-2,220.0	-2,310.0	-15,050.0
Departmental													
Component 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Component 2	-	-	-10.9	-15.5	-16.6	-17.9	-19.1	-20.5	-22.0	-23.6	-25.2	-26.4	-171.3
Total – departmental	-	-	-10.9	-15.5	-16.6	-17.9	-19.1	-20.5	-22.0	-23.6	-25.2	-26.4	-171.3
Total – expenses	-	-	-960.9	-1,375.5	-1,476.6	-1,587.9	-1,699.1	-1,820.5	-1,952.0	-2,103.6	-2,245.2	-2,336.4	-15,221.3
Total (excluding PDI)	-	-	-960.9	-1,375.5	-1,476.6	-1,587.9	-1,699.1	-1,820.5	-1,952.0	-2,103.6	-2,245.2	-2,336.4	-15,221.3

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A2: Minimum Aged Care Staff Times – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	-	-	-11.0	-38.0	-73.0	-114.0	-163.0	-220.0	-286.0	-364.0	-454.0	-49.0	-1,723.0
Underlying cash balance	-	-	-10.0	-35.0	-68.0	-109.0	-157.0	-213.0	-278.0	-355.0	-444.0	-45.0	-1,669.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)