Department of Health
Response to Notice to Give Information in Writing NTG-0541

1 This is a response to Notice to Give Information in Writing No. NTG-0541 dated 6 October 2019 from the Royal Commission into Aged Care Quality and Safety (Royal Commission) to the Department of Health.

2 The information is produced to the Royal Commission on the basis that it will be tendered and received into evidence by the Royal Commission pursuant to Notice No. NTG-0541 and on the basis the information will be treated as evidence to section 6DD of the Royal Commission Act 1902 (Cth).

Question 2
With reference to the Aged Care Workforce, introduced in 2011 and combined with health workforce funding in 2015 to form the Health Workforce Program

(a) Which aged care workforce programs were rolled into the Aged Care Workforce Fund in 2011?
   (i) What funding was allocated to the individual programs compared to the funding allocated to the Aged Care Workforce Fund?

(b) Were there any budget savings or spending measures related to aged care workforce from the creation of the Workforce Fund in 2011 up to and including the 2019-20 Budget? Include in your response the amount of any reduction in funding for aged care workforce when it was combined with Health Workforce Program.

(c) How much funding is available under the Health Workforce Program?

(d) How much funding has been allocated to aged care workforce since the Aged Care Workforce Fund was combined to form part of the Health Workforce Program?

(e) Which area of the Department administers the Health Workforce Program?

(f) What involvement does the Ageing and Aged Care Group of the Department have into development of the priorities and allocation of funding of the Health Workforce Program?

3 Aged Care Workforce has transitioned through the following funds and programs from 2011 to 2019:

(a) In 2011-12, various aged care workforce fund programs were consolidated into the Aged Care Workforce Fund:
In 2015-16, the Aged Care Workforce Fund (subsequently referred to as the Aged Care Workforce Development Fund from 2015-16) was combined with other funds into the Health Workforce Fund; and

In 2016-17, the Health Workforce Fund was ceased as part of the 2016-17 Health Department Outcome and Program Restructure and all workforce-related programs were combined into the Health Workforce Program.

Question 2(a) - Aged Care Workforce Programs rolled into the Aged Care Workforce Fund and their allocated funding

The Aged Care Workforce Fund was created as part of the 2011-12 Budget measure – Health and Ageing Portfolio – administration efficiencies. It was allocated $302.2 million over a four-year period from 2011-12. From 1 July 2011, this measure consolidated approximately 159 predominantly grant programs into 18 'flexible funds'. The Aged Care Workforce Fund was one such fund.

The initiative consolidated four aged care workforce programs into the Aged Care Workforce Fund, which were allocated the following funding from the total allocation of $302.2 million over a four-year period from 2011-12:

(a) Supporting a Professional Aged Care Workforce Program - $216.3 million;
(b) Aged Care Nurse Practitioners Program - $16.3 million;
(c) Indigenous Aged Care Workforce – Community Care (IACW) - $41.0 million; and
(d) Dementia Training - $28.6 million.

The Department also separately administered the Indigenous Employment Initiatives (which is separate to the IACW Community Care referred to above) with an allocation of $76.0 million over four years from 2011-12, specifically targeting support for employment of indigenous staff in aged care.

Question 2(b) - Budget savings or spending measures related to aged care workforce from the creation of the Workforce Fund in 2011 up to and including the 2019-20 Budget

In 2014-15 and 2015-16, the Commonwealth implemented whole of government indexation pauses, which resulted in budget savings in respect of the following programs:

(a) Aged Care Workforce Development Fund – savings of $15 million over five years from 2014-15; and
(b) Indigenous Aged Care Workforce Fund – savings of $3.9 million over five years from 2014-15.

As a part of the 2015-16 Budget measure – Aged Care Workforce Development Fund – redesign, the Aged Care Workforce Fund was redesigned and renamed the Aged Care Workforce Development Fund. This resulted in a saving of $40.2 million in funding over a four-year period from 2015-16.

The 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) updated the economic and fiscal outlook from the previous budget. The Streamlining Health and Aged Care Workforce Programme

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1 This funding was allocated only for 2011-12 and 2012-13.
Funding 2015-16 MYEFO measure resulted in a budget saving to the Aged Care Workforce Development Fund of $181.9 million over a five-year period from 2015-16 to 2019-20, with each year's budget reduced as follows:

(a) 2015-16 – by $8.2 million;
(b) 2016-17 – by $40.9 million;
(c) 2017-18 – by $41.4 million;
(d) 2018-19 – by $43.3 million; and
(e) 2019-20 – by $48.1 million.

As part of the same measure, the following programs were combined into the Health Workforce Fund, managed by the Health Workforce Division:

(a) Aged Care Workforce Development Fund;
(b) Indigenous Employment Initiatives; and
(c) Rural Health Outreach Fund.

Question 2(c) - Funding available under the Health Workforce Program

The current budget allocation for funding available under the Health Workforce Program in 2019-20 is $1.38 billion.

Future indexed budget allocations for funding available under the Health Workforce Program are:

(a) 2020-21 - $1.489 billion;
(b) 2021-22 - $1.506 billion; and
(c) 2022-23 - $1.522 billion.

The Health Workforce Program includes activities that will:

(a) strengthen workforce planning and address health workforce shortages in rural and remote areas with targeted workforce incentives and outreach programs;
(b) ensure a capable and qualified workforce through increased training opportunities and retention;
(c) provide support to doctors, nurses, and allied health professionals;
(d) improve access to health services for all people living in regional, rural and remote Australia; and
(e) support the indigenous health workforce to ensure the needs of Aboriginal and Torres Strait Islanders are addressed.

The current and future funding made available under the Health Workforce Program will include allocations to assist the Health Workforce Program to achieve these goals.
Question 2(d) - Funding allocated to aged care workforce since the Aged Care Workforce Fund was combined to form part of the Health Workforce Program

Since the Aged Care Workforce Development Fund was combined to form part of the Health Workforce Fund in 2015, a total of $137.8 million in funding has been allocated to aged care workforce from 2016-17 to 2019-20 through Health Workforce Program. This includes:

(a) $35 million provided in 2016-17;
(b) $35.3 million provided in 2017-18;
(c) $34.1 million provided in 2018-19; and
(d) $33.4 million provided in 2019-20.

Since the Health Workforce Fund ceased in 2016-17 and all workforce-related programs were combined into the Health Workforce Program, an additional $1.9 million has been allocated to aged care workforce to establish and support the industry-led aged care workforce taskforce.

Question 2(e) - Department area which administers the Health Workforce Program

The Health Workforce Program is administered by the Health Workforce Division of the Department.

The Health Workforce Division aims to improve the capacity and quality of Australia’s health workforce, and to improve access to health services for all people living in regional, rural and remote Australia.

The Health Workforce Division comprises three Branches:

(a) Health Training Branch, which is responsible for a range of policies and initiatives supporting the training and education of Australia’s health workforce, including training reform, regional training and training data and analysis;
(b) Health Workforce Reform Branch, which is responsible for developing policy advice in relation to workforce planning and reform, including aged care workforce programs; and
(c) Rural Access Branch, which aims to improve access to health services in rural areas, through outreach programs and workforce distribution strategies, including Medicare access for overseas trained doctors, effective rural and workforce shortage classification systems and scholarship, locum and rural recruitment support programs.

Question 2(f) - Involvement of the Ageing and Aged Care Group of the Department into development of the priorities and allocation of funding of the Health Workforce Program

The Ageing and Aged Care Group of the Department is consulted on developments in the Indigenous Aged Care programs managed by the Health Workforce Division and in relation to funding proposals involving an intersection of health workforce and aged care workforces.

Ageing and Aged Care is also consulted on spending in the Health Workforce Program through the operations of the Administered Program Board. The Administered Program Board provides a
governance mechanism to identify funding pressures and opportunities for reallocation across the Department’s administered programs.