

Deloitte Access Economics

# The registration of social workers in Australia

Australian Association of  
Social Workers Limited

10 June 2016

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Dear Glenys

### **The registration of social workers in Australia**

Our final report is attached. It outlines the cost of registering social workers with the Australian Health Practitioner Regulation Agency (AHPRA). The results show an upfront investment is required to establish a national board for professional social workers (\$1.4 million in 2016), with ongoing registration costs of \$6.9 million in 2016, rising to \$8.6 million in 2019. The potential benefits, while not quantified in this report, may be large. Break-even analysis suggested that if approximately 1.5 child deaths were averted from registration, as one of a number of possible benefits, annual costs would be recovered.

Please contact me if you would like to discuss any aspect of the report – we would be happy to answer any of your questions.

Yours sincerely,



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# Glossary

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AASW	Australian Association of Social Workers
ABS	Australian Bureau of Statistics
AHPRA	Australian Health Practitioner Regulation Agency
CBA	Cost benefit analysis
CPD	Continuing Professional Development
CPI	Consumer Price Index (the Australian measure of consumer price inflation)
OBPR	Office for Best Practice Regulation
NRAS	National Registration and Accreditation Scheme
VSLY	Value of a statistical life year

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## Executive summary

Social workers help deal with a range of complex issues in Australia by providing psychological, psychosocial, and other interventions to vulnerable people across a range of different settings, including in health care. Currently, people working in social work are not required by law to hold registration in Australia, which may lead to some clients being unaware of the workers' qualifications, skills and ethical obligations (AASW, 2014). In some cases, sub-standard, unethical or unqualified practice has caused substantial harm to clients.

The National Registration and Accreditation Scheme (NRAS) regulates the practice of some health professions in Australia. It is administered by the Australian Health Practitioner Regulation Agency (AHPRA).

This report outlines the costs of registration of social workers under the NRAS, and highlights some of the broad benefits of registration that could flow to Australian society.

Overall, it is estimated that **registration of professional social workers would cost \$8.2 million in 2016**, including the cost of establishing a national board and registering an estimated 15,730 professional social workers. Based on AHPRA's current practice of recovering costs through registration fees, **it is expected that registration would not be a net cost to government.**

### Social worker workforce and costs of registration

The size of the social worker workforce is difficult to estimate, with a wide range of estimates depending on sources and methods. **ABS data indicate that there were approximately 23,166 professional social workers in 2016.** Our estimate of 15,730 professionals who would be required to register with AHPRA in 2016 comprises social workers working in the health care and social assistance sector with an accredited qualification in social work.

Using this definition, the number of professional social workers is expected to grow to 18,261 by 2019.

The total cost of registering social workers with AHPRA comprises both fixed costs (related to establishing a new national board) and variable costs (associated with ongoing registrations):

- The variable costs were estimated by using the registration fee for psychologists, as a comparable profession, which was \$436 in 2016.
- The fixed cost of establishing a board was estimated to be \$1.4 million, based on data from AHPRA annual reports.
- The total cost between 2016 and 2019 was estimated to be \$29.2 million in net present value terms (2015-16 dollars). The costs in each year are shown in Table i.

**Table i: Total costs, 2016 to 2019**

Year	2016	2017	2018	2019
Registrants	15,730	16,532	17,375	18,261
Total costs (\$m)	8.2*	7.4	8.0	8.6

Source: Deloitte Access Economics calculations.

\* Includes the establishment cost of a national board.

Using data from AHPRA annual reports, it was estimated that AHPRA fully recovers all expenses. Hence, all costs of registration would be passed on to and hence borne by social workers registering in each year.

## Benefits of registration

Registration of social workers in Australia could result in a broad range of benefits, including improved public safety, higher standards of conduct and accountability, and improved professional development and mobility opportunities for workers.

**A detailed, quantitative analysis of benefits is beyond the scope of this report.** However:

- While occupational licensing in general is seen as creating more costs than benefits, the main class of exceptions is where consumers are ill-equipped to judge the quality of a professional's services. That is arguably the case with the clients of social workers, who are often vulnerable or experiencing distress.
- 'Break-even' analysis was used to determine the number of adverse incidents of social worker misconduct that would need to be averted for the benefits of registration to outweigh the costs.

Overall, it is estimated that if social worker registration could prevent approximately 0.05% of incidents of child abuse, 0.6% of child deaths from such abuse, or 0.5% of public hospital separations for mental and behavioural conditions, the benefits could outweigh the costs.

Future research activities could be directed towards developing robust parameter values for quantifying the benefits of social worker registration in Australia. These could be used to inform a detailed cost benefit analysis and consider a more extensive range of potential benefits to build the case for achieving mandatory registration for social workers.

## Deloitte Access Economics

# 1 Background

Social workers help deal with a range of complex issues in Australia by providing casework, counselling and psychological interventions to vulnerable people across a range of different settings. Social workers also provide psychosocial assessments, which involve using particular skills and knowledge to assess a person's physical, psychological and social context. This includes identifying issues and strengths in (AASW, 2015):

- social role functioning;
- meeting financial and other basic needs;
- family interactions;
- social supports; and
- cultural factors.

Social workers provide services across a range of different settings, including community health, acute inpatient, rehabilitation, health promotion, mental health, and other health services. Social workers also practise in services such as asylum seeker and refugee centres, domestic and family violence services, youth services, disability services, homelessness services, and child protection agencies. Social workers aim to improve health and wellbeing outcomes for individuals, their families and the community.

Currently, people working in social services are not required by law to hold registration in Australia, which may lead to some clients being unaware of the workers' qualifications, skills and ethical obligations (AASW, 2014). The AASW has argued that, in some cases, sub-standard, unethical or unqualified practice can cause substantial harm to clients, for example, abuse or even death. Social workers often provide their services without another person present, and are increasingly providing services as a sole proprietor or small practice (AASW, 2014). These settings can increase the risk for professional boundary violations and harm being inflicted on the community.

The inclusion of social workers under the National Registration Accreditation Scheme (NRAS) may potentially avert sub-standard, unethical, or unqualified practice in Australia. The NRAS was established in 2010, and is the only government scheme overseeing the regulation of qualifications, standards and practices for health practitioners in Australia.

The Australian Health Practitioner Regulation Agency (AHPRA) is the registration body with responsibility for implementing the NRAS across Australia. Each profession that is part of the NRAS is represented by a national board under AHPRA. While the primary role of the boards is to protect the public, the boards are also responsible for registering practitioners and students, as well as performing other functions for their professions. There are currently 14 National Boards, including for professions (such as psychologists) that often deal with a similar client base to social workers.

The Australian Association of Social Workers (AASW) is the peak body representing approximately 10,000 members who are professional social workers in Australia. AASW represents social workers and aims to ensure the sustainable development of the

profession, the maintenance of accountability and compliance with benchmark standards, and the promotion of professional indemnity.

AASW aims to keep the public safe from harm – the same core objectives as the NRAS. As social workers regularly work with vulnerable people, AASW continues to actively campaign for the inclusion of the social work profession under the NRAS. If this were to occur, the social work profession would also be regulated by AHPRA. Throughout this report, social workers are defined as those who have completed a four year AASW accredited Bachelor of Social Work, Master of Social Work, or an international social work qualification which has been assessed by the AASW as comparable to an AASW accredited qualification. In 2010, 29 of 39 universities in Australia offered a social work degree accredited by AASW (Healy and Lonne, 2010).



## 2 Costs of registration

The total cost of registering social workers with AHPRA comprises both fixed costs (related to establishing a new national board) and variable costs (associated with ongoing registrations). In turn, variable costs depend on the number of professional social workers expected to register with AHPRA. Accordingly, two components were required to estimate the cost of registration:

- **Workforce** – the total number of professional social workers in Australia (those that hold a four year degree in social work) and, of those, the number who are expected to register with AHPRA; and
- **Variable and fixed costs** – the initial establishment fees, and ongoing expenses to manage a national board for professional social workers under the NRAS.

The data sources and estimates used for estimating costs are outlined in the following sections. Having estimated costs, it was necessary to identify the extent to which costs are expected to be borne by government. As described in the following sections, it is expected that AHPRA would fully recover its costs, and hence registration would not be a net cost to government.

### 2.1 Social worker workforce

The Australian Bureau of Statistics' (ABS) Labour Force Survey was used to estimate the total number of people identifying as social workers in Australia (ABS, 2016a). Overall, there were more than 34,800 people who self-reported as social workers in Australia in 2015.<sup>1</sup> However, not all people identifying as social workers have the necessary qualifications or intention to register as a social worker. In particular, to meet the AASW's current requirements for membership, a professional social worker is required to hold a four year AASW accredited Bachelor of Social Work, an AASW accredited Master of Social Work, or an international social work qualification which has been assessed by the AASW as comparable to an AASW accredited qualification.

Data from the ABS 2011 Census of Population and Housing were used to estimate the number of social workers who meet these requirements in Australia. In the 2011 Census, there were 16,916 people who identified as a social worker and were currently employed. Of these, only 63%, or 10,699, had a bachelor or postgraduate qualification in social work (ABS, 2011). This ratio was applied to the total number of people identifying as social workers in 2016 reported above. **It was estimated that there were around 23,166 professionally qualified social workers in Australia in 2016.**

The number of professional social workers in Australia may be higher or lower for two reasons. First, ABS data report the qualification type (social work) and level, but there is no way to identify whether the qualification has been accredited by AASW. Second, it is possible that social workers may identify their occupation differently – for example, they

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<sup>1</sup> This was calculated as the average of the quarterly Labour Force Survey results in 2015, the latest complete year for which data were available.

may report that they are a welfare support worker. These caveats may mean that the total number of professional social workers is slightly higher or lower than the number reported. Consequently, sensitivity analysis is conducted on the number of social workers who would register under the NRAS in section 2.3.

Finally, to assess the costs to government of registration, it was necessary to make an assumption of the proportion of professionally qualified social workers who would register under the NRAS. For the baseline estimate, it was assumed that social workers who would register under the NRAS are those who hold an accredited qualification in social work **and** are employed in the health care and social assistance sector. The health care and social assistance sector represents the broad range of work undertaken by social workers. For example, this includes social workers operating in hospitals, medical and other primary care services; residential care services (including aged care services); and social assistance services (including child care services) (ABS, 2013).

Recognising that social workers also work in family violence, sensitivity analysis was conducted by including social workers in the public administration and safety sector, which comprises public administration (including justice); defence; and public order, safety and regulatory services (ABS, 2013). As there was no way to identify if social workers in this industry provide services directly to clients (and hence would require registration), they were not included in the base case.

The number of professional social workers who would register in 2016 was adjusted by the ratios of those who hold a relevant qualification and work within the health care and social assistance sector, which was estimated to be 68% of all professional social workers from the 2011 census (ABS, 2011). The ratio is relatively stable over time.<sup>2</sup> Consequently, it was assumed that these ratios still hold in 2016.

The number of social workers in 2016 to 2019 was estimated using employment growth projections for social workers from the Department of Employment (2016), which forecast an average workforce growth of 5.1% per year.

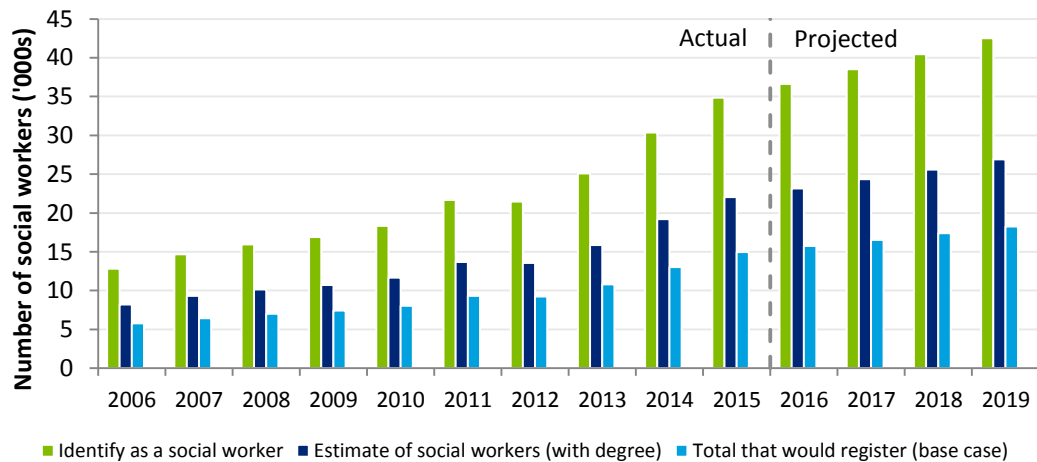
**Overall, it was estimated that there were approximately 15,730 professional social workers who would register under the NRAS in Australia in 2016. By 2019, the number of registered social workers is expected to grow to approximately 18,260 (see Chart 2.1). This represents approximately 68% of the total workforce in each year.**

The modelling in this report calculates costs of registration between 2016 and 2019, and hence it was assumed that an NRAS national board for social workers would be established in 2016.<sup>3</sup> Chart 2.1 also provides estimates for the number of social workers who would have registered in the years 2006 to 2015 if registration were available.

<sup>2</sup> In 2006, these ratios were 64% and 70%, respectively (ABS, 2006).

<sup>3</sup> To illustrate the costs of registering the workforce, it was assumed that all social workers employed in the health care and social assistance sector, and holding a qualifying degree, would be registered in each year commencing 2016. However, in practice, there may be a ramp-up period following implementation, with target levels of registration only achieved after a number of years.

**Chart 2.1: Estimates of social worker workforce, and number of expected registrants**



Source: Deloitte Access Economics analysis based on ABS (2016; 2011).

## 2.2 Variable and fixed costs

Costs of registering professional social workers include establishing a new professional board with AHPRA (a one-off, fixed cost), and the ongoing costs of registrations (variable costs). These costs are outlined further in the following sections.

### 2.2.1 New board establishment fees – fixed cost

To estimate the costs of establishing a board under the NRAS it was assumed that the costs would be similar to the change in costs observed when four new boards joined the NRAS in 2012.<sup>4</sup> Data were collected from the 2012-13 AHPRA annual report to estimate these costs (AHPRA, 2013).

Total AHPRA expenditure increased between the 2012 and 2013 financial years, following the establishment of the four new boards. AHPRA notes that the addition of the four new boards resulted in additional expenditure, including for the following reasons (AHPRA, 2013):

- an additional \$4.8 million in board expenditure for sitting fees and meetings;
- an additional \$2.6 million in accreditation expenditure.

However, not all of AHPRA’s additional expenditure over this period is directly attributable to the establishment of the new boards. For example, it is plausible that there would be other, unrelated changes in fixed costs including systems and communications costs, and other property expenses. These costs actually declined in the 2013 financial year. It was considered unlikely that the establishment of the four additional boards contributed to the decline, so these costs were removed from the analysis.

<sup>4</sup> The four new boards were the Aboriginal and Torres Strait Island Practice Board; the Medical Radiation Practice Board; the Occupational Therapy Board; and the Chinese Medicine Board.

Further, there was an increase in accreditation expenditure associated with the four additional boards during the 2013 financial year. This coincided with a change in the scope of accreditation for the existing boards. Accreditation expenses increased by \$1.1 million on average in the financial years either side of the 2012 financial year (AHPRA, 2012; 2014). Similarly, board sitting fees and other expenses increased by \$0.8 million on average. Consequently, these average increases in expenditure were removed from the change in 2013 to estimate the costs directly associated with the implementation of the four additional boards.

This means that the additional costs associated with the establishment of the four new boards were estimated to be \$5.6 million in 2013, comprising:

- \$4.0 million for board sitting fees and direct board costs; and
- \$1.6 million for accreditation expenses.

These costs were assumed to be shared equally by all boards – meaning that **the costs of establishing a new board were approximately \$1.4 million**. It was assumed that the fixed costs of establishing a new board for social workers would be similar to this average cost.

## 2.2.2 Ongoing costs of registration – variable costs

Variable costs are those that would vary according to the number of social workers registered under the NRAS. For example, variable costs include staff costs, legal and notification costs, and other costs associated with maintaining registrations and handling complaints. Variable costs are likely to increase with an increase in workload associated with a greater number of registrations. This was illustrated by an increase in AHPRA's variable costs associated with staffing when the four new boards were established in 2012.

Data from AHPRA's annual reports between 2011 and 2015 indicates that registration income between 2011 and 2015 covers 98% of all AHPRA expenses, on average. Further, AHPRA appears to receive registration fees upfront, which means they earn interest on registration income throughout the year. Including interest payments, total income is slightly higher than total expenses, on average. Consequently, it was assumed that **AHPRA operates on a full cost recovery model**. This means that if social workers were registered under the NRAS, all costs would likely be recovered through fees charged to social workers, and the interest on those up-front fees.

The variable costs from professional social workers were estimated by assuming an average cost per registrant that is equivalent to the Psychology Board of Australia fee – which was set at \$436 per applicant in 2016 (AHPRA, 2016).<sup>5</sup> To derive total variable costs, this fee was multiplied by the expected number of registrants in 2016, and in each subsequent year (see section 2.1). The fee was assumed to grow in line with past trends in the consumer price index (CPI) – an average of 2.5% per annum between 2017 and 2019 (ABS, 2016b).

The variable costs of registration for each year between 2016 and 2019 are shown in Table 2.1.

<sup>5</sup> Across all professions, annual registration fees in 2016 ranged from \$100 per applicant for the Aboriginal and Torres Strait Island Health Practice Board, to \$724 for the Medical Board of Australia.

**Table 2.1: Variable costs of registration, 2016 to 2019**

Year	2016	2017	2018	2019
Registrants (people)	15,730	16,532	17,375	18,261
Registration fee (\$)	436	450	460	470
Variable costs (\$m)	6.9	7.4	8.0	8.6

Source: Deloitte Access Economics' calculations.

The variable costs were estimated to be \$6.9 million in 2016, increasing to \$8.6 million in 2019. The net present value of this stream was estimated to be \$27.8 million (in 2015-16 dollars) between 2016 and 2019.<sup>6</sup>

### 2.2.3 Summary of costs

The total cost of registration was estimated to be \$8.2 million (in 2015-16 dollars) in the first year social workers are registered under the NRAS. This cost comprises:

- \$1.4 million in fixed establishment costs (including accreditation expenses); and
- \$6.9 million in variable costs including staffing, travel and accommodation, and legal and notification costs.

The total cost between 2016 and 2019 was estimated to be \$29.2 million in net present value terms (2015-16 dollars). The costs in each year are shown in Table 2.2.

**Table 2.2: Total costs, 2016 to 2019**

Year	2016	2017	2018	2019
Total costs (\$m)	8.2*	7.4	8.0	8.6

Source: Deloitte Access Economics' calculations.

\* Includes \$1.4 million of fixed costs associated with the establishment of a national board.

Since AHPRA fully recovers all expenses, costs of registration would likely be covered by fees paid by social workers. **Registration of social workers is not expected to be a net cost to government.**

## 2.3 Sensitivity analysis

Sensitivity analysis was undertaken to develop a range of cost estimates, reflecting the uncertainty surrounding key parameters in the modelling.

The sensitivity analysis included:

- a 20% increase in the number of social workers who would register under the NRAS, which represents registrations by social workers who work in the public

<sup>6</sup> A discount rate of 7% was used to calculate net present value, as recommended by the Australian Office of Best Practice Regulation for regulatory impact analysis (Australian Government, 2007).

administration and safety sector,<sup>7</sup> in addition to those in the health care and social assistance sector;

- a 35% decrease in the number of social workers who would register, which approximates a scenario where only existing members of AASW register under the NRAS; and
- registration fees for social workers are set to the average fee across all AHPRA national boards (\$356), and registration fees are set to be higher by the same difference (\$516).

The results of the sensitivity analysis suggest that the total cost would range between \$5.8 million and \$9.6 million in the first year. In net present value terms, the total cost between 2016 and 2019 would range between \$19.5 million and \$34.8 million (in 2015-16 dollars). The number of registrants, fees and costs for each scenario are presented in Table 2.3.

**Table 2.3: Total costs– sensitivity scenarios, 2016 to 2019**

Scenario	2016	2017	2018	2019	Net present value
<b>Base case</b>					
Registrants (people)	15,730	16,532	17,375	18,261	
Fee (\$)	436	450	460	470	
Total cost (\$m)	8.2	7.4	8.0	8.6	<b>29.2</b>
<b>Social workers increase by 20%</b>					
Registrants (people)	18,876	19,839	20,850	21,913	
Fee (\$)	436	450	460	470	
Total cost (\$m)	9.6	8.9	9.6	10.3	<b>34.8</b>
<b>Social workers decrease by 35%</b>					
Registrants (people)	10,225	10,746	11,294	11,870	
Fee (\$)	436	450	460	470	
Total cost (\$m)	5.8	4.8	5.2	5.6	<b>19.5</b>
<b>Fee lower by \$80</b>					
Registrants (people)	15,730	16,532	17,375	18,261	
Fee (\$)	356	368	376	384	
Total cost (\$m)	7.0	6.1	6.5	7.0	<b>24.1</b>
<b>Fee higher by \$80</b>					
Registrants (people)	15,730	16,532	17,375	18,261	
Fee (\$)	516	533	544	556	
Total cost (\$m)	9.5	8.8	9.5	10.1	<b>34.3</b>

Source: Deloitte Access Economics' calculations.

<sup>7</sup> The public administration and safety sector comprises public administration (including justice); defence; and public order, safety and regulatory services (ABS, 2013).

## 3 Benefits of registration

This section provides a discussion of the potential benefits from registration of professional social workers in Australia. The discussion considers some of the main benefit categories and case studies from other countries that have successfully implemented registration schemes.

**That said, a comprehensive benefits analysis was outside the scope of this report, and additional research is needed to develop robust parameters for quantifying the benefits of registration in Australia.**

### 3.1 The licensing of occupations

The general view among economists is that licensing:

- can often create more costs than benefits, but that
- the main exceptions are where consumers aren't well placed to judge the quality of services.

For example, Kleiner (2006) provides a broad review of occupational licensing and finds that, while licensing can impose costs on society, it can be justified where it helps to minimise consumer uncertainty over the quality of services.<sup>8</sup> This is particularly important where poor quality can have large social implications (for example, in the case of a doctor who makes incorrect diagnoses). In such cases, regulation requiring practitioners to meet minimum professional standards can have positive social payoffs. These payoffs will often outweigh the burdens of licensing, which can include occupational barriers to entry, higher prices for service delivery, and reduced access to services.

In relation to registration of health practitioners under the NRAS, the Victorian Department of Health (2013) found that registration can be an appropriate regulatory option when the risks of harm associated with a profession are high, and there are no less restrictive means for addressing these risks.

It is arguable that social work falls under the general exception here. As social workers often work with vulnerable populations, clients are often ill-equipped to properly judge quality, and the costs of misconduct can be high. Indeed, the client base of social workers is, in some cases, similar to that of professions currently regulated under the NRAS (including, for example, psychologists).

This section concludes with a 'break-even' analysis which identifies how many incidents of child abuse, child death, or hospital separations for mental and behavioural conditions would need to be averted for the benefits of registration to exceed the costs.

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<sup>8</sup> Another useful overview is found in Cox and Foster (1990), *The Costs and Benefits of Occupational Regulation* (See [https://www.ftc.gov/system/files/documents/reports/costs-benefits-occupational-regulation/cox\\_foster\\_-\\_occupational\\_licensing.pdf](https://www.ftc.gov/system/files/documents/reports/costs-benefits-occupational-regulation/cox_foster_-_occupational_licensing.pdf))

## 3.2 Benefits

Social workers are deeply embedded in Australian communities, and have a direct influence on the health and wellbeing of some of Australia's most vulnerable people. In particular, the nature of social work requires the establishment of long-term relationships based on trust, and the human costs of unsafe or unethical practice can be high. This means that high standards of professionalism, safety, and accountability must be ensured to protect Australian communities and uphold the integrity of the social work profession.

The risks of harmful practice can be mitigated through registration schemes which set and maintain standards of professionalism, and introduce formal mechanisms for oversight and accountability (Beddoe & Duke, 2009). Registration of social workers can drive broad benefits for the profession, service users, and the broader community, including

- improved public safety and confidence in the profession;
- higher standards of conduct and accountability; and
- professional development and mobility opportunities for workers.

These benefits are discussed below.

### 3.2.1 Improved public safety and confidence in the profession

The major objective of professional registration is to ensure that service users are protected from socially unacceptable or harmful practices (Kirwan & Melaugh, 2015).

Social workers work closely with vulnerable people and often in intimate therapeutic relationships based on trust and authority. Further, social workers typically provide services without supervision, and in the absence of another person besides the client. Such settings can heighten the risk of serious professional boundary violations and incidents of illegal or unethical conduct. Furthermore, the absence of a legally enforced code of conduct and complaints mechanism means that misconduct can continue for some time before action is taken.

Professional registration of social workers sets and maintains standards of professionalism and provides service users with formal channels for complaints and reviews (Beddoe & Duke, 2009). Registration can protect public safety by prescribing competency requirements for social workers and accountability for how they practice (Orme & Rennie, 2006). Mandatory registration also provides the opportunity to conduct checks on qualifications, practice currency, probity and criminal history as a condition of practice.

The recent Australian case of the tragic death of Adelaide girl Chloe Valentine has resulted in the recommendation from the South Australian coroner for formal registration of social workers in Australia. This recommendation recognises the importance that professional registration of social workers plays in the protection of service users.

Registration of social workers provides the public with assurance that social workers are appropriately qualified, fit to practice, and have the capability to deliver expected levels of service. Introducing minimum professional standards also ensures that the workforce is



well-educated and better equipped to meet the diverse needs of its service users, including children and other vulnerable people (Beddoe & Duke, 2009).

### 3.2.2 Higher standards of conduct and accountability

In 2004, both New Zealand and the United Kingdom (UK) introduced procedures for the registration of the social worker workforce.<sup>9</sup> To become registered in the UK, social workers need to demonstrate achievement of relevant qualifications, mental and physical fitness-to-practice and evidence of good moral character (Orme & Rennie, 2006). In New Zealand, where registration is voluntary, registered practitioners demonstrate a minimum three years of study, that they have undertaken supervised practice, that they are professionally competent (including cultural competency), and that they are ‘fit and proper’ to perform the job (Orme & Rennie, 2006). Registered practitioners also undergo police checks.

Despite the voluntary nature of the registration system in New Zealand, more than 4,000 social workers have chosen to meet the professional standards for registration, and the number of social workers becoming registered has increased by, on average, 38% per year over the four years prior to 2013 (Gilray 2013). These figures highlight the high standing that professional registration has in New Zealand’s social work sector.

In the UK, since 2012, the UK-wide Health and Care Professions Council has reported annual rises in Fitness-to-Practice cases<sup>10</sup> that correlated with increases in the number of registrants, although this still represents only a very small proportion of those on the register (Furness, 2015). This has demonstrated that formal registration of social workers can result in higher levels of accountability by providing accessible mechanisms for complaints and review.

In New Zealand, 46 complaints were received in 2011-2012 in relation to registered social workers, primarily associated with poor social work practice (Gilray 2013). Further, in 2013, 35 social workers had compliance conditions attached to their annual practising certification and a number have had their registration suspended as a result of not maintaining recertification requirements (Gilray 2013). The restriction or removal of these individuals from social work practice may have averted incidents of professional misconduct, leading to improved public wellbeing in the community.

### 3.2.3 Ongoing professional development opportunities for workers

Health professionals regulated under the NRAS are required to continue their education to ensure the currency of their qualifications and knowledge of new developments in their field. However, there are currently no requirements for continuing professional

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<sup>9</sup> Other countries that require licensing or registration to work as a social worker include Spain, South Africa, and all but seven states of the USA (Weiss-Gal & Welbourne, 2008). Codes of ethical conduct for the social worker profession exist in each of these countries; however their enforceability varies substantially from sanctions-based codes (e.g. South Africa and the USA) to those more of moral value.

<sup>10</sup> Fitness-to-practice cases include referrals for investigation by the regulator of potential contraventions of codes of practice/ standard operating procedures, including behaviours associated with professional practice and those outside of work that could affect the reputation of the profession and public safety. Referrals can come from employers, self-reporting, service users, members of the public and the police.

development or education for social workers in Australia. Professional development opportunities for social workers can not only benefit clients through improved service provision, but also provide the social worker with a rewarding and fulfilling career path.

A national registration scheme would also have the benefit of transferability, allowing workers to move between states with full recognition of qualifications and fitness-to-practice. This could also benefit employers who would avoid costs associated with assessing the suitability of applicants for social work positions.

In both the UK and New Zealand, maintaining registration is dependent upon demonstration of continued professional development. In the UK, re-registration is required every three years with a minimum of 15 days of continuing professional development (CPD) achieved in that time. In New Zealand, social workers must demonstrate that they have undertaken 150 hours of CPD in a three year period (Orme & Rennie, 2006).

### 3.3 Break-even analysis

Social workers regularly work with vulnerable people, and hence the costs of unsafe or harmful conduct can be high. The consequences can be especially extreme when children are involved, as was illustrated in the recent case where a four-year-old child died in 2012 while under the care of *Families SA*. This section provides estimates for the costs of child abuse, child death and public hospital separations for mental and behavioural conditions, based on existing research and literature. These estimates are used to derive the number of adverse incidents that would need to be averted in order for the benefits of social worker registration to outweigh the costs.

Note, this section only provides a ‘break-even’ analysis and does not estimate the number of adverse incidents that would actually be averted. Further research and analysis is required to develop robust and defensible parameter values for quantifying the benefits of registering social workers.

Overall, it is estimated that 60.6 incidents of child abuse, 1.5 child deaths or 903.7 public hospital separations for mental and behavioural conditions would need to be averted in the first year of social worker registration for the benefits to outweigh the costs.

#### 3.3.1 Costs of child abuse

As part of their professional responsibilities, social workers often work with government and non-government providers to deliver services to children involved with the child protection system, including responding to incidents of child abuse. Raising professional standards of social workers may contribute to more effectively identifying and responding to child abuse incidents.

In our 2008 Report, *The Cost of Child Abuse in Australia*, we estimated that the lifetime costs of child abuse and neglect in 2007 was \$14.4 million (Access Economics, 2008). This includes the net burden of disease, estimated to be \$7.7 million, and other costs, including

health system expenditure, productivity losses, crime, government expenditure and deadweight losses of \$6.7 million. We also estimated that, in 2007, there were 130,237 children who were abused or neglected for the first time in Australia.

Overall, it was estimated that the average lifetime cost of child abuse in 2007 was \$110,253 per abuse victim. Inflating this to 2016 dollars (ABS, 2016b), we estimate the lifetime cost per abused child to be \$136,025 in 2016.

In Section 2 it was estimated that the total cost of registration of social workers in the first year would be \$8.2 million. This implies that if 60.6 incidents of child abuse (less than 0.05% of annual cases in 2007) were averted in the first year of registration, the benefits of registration of social workers would outweigh the costs.

The number of incidents needed to be avoided has been estimated for each year from 2016-2019 based on the total costs of registration estimated in Section 2.2.3, and applying trend growth in CPI (ABS, 2016b) to estimate costs of child abuse in forward years. This is shown in Table 3.1.

**Table 3.1: Child abuse incidents needed to be averted, 2016 to 2019**

Year	2016	2017	2018	2019	Total
Abuse incidents needed to be averted	60.6	53.0	55.7	58.5	227.8

Source: Deloitte Access Economics' calculations.

### 3.3.2 Costs of death

Recognised by the South Australian Coroner's recommendation in its investigation into the tragic death of Adelaide girl, Chloe Valentine, a national registration system for social workers could help ensure the protection of service users, including in the avoidance of preventable death.

Life and health can be valued using the concepts of disability adjusted life years, expected years of life lost, and the value of a statistical life. These concepts are used to establish the value of life lost associated with premature death. This methodology has been adopted and applied in Australia by the Australian Institute of Health and Welfare (AIHW) in its burden of disease studies (for example, see Begg et al, 2007).

The Department of Prime Minister and Cabinet (2014) provided an estimate of the value of a statistical life year (VSLY). The value of a statistical life year was estimated to be \$182,000 in 2014, which inflated by CPI (ABS, 2016b) is approximately \$187,328 in 2016 dollars. This was applied to the number of years of life lost due to a premature death which, based on ABS standard life tables for Australia, was estimated to be 72.2 years of life lost for a child who dies at age ten (ABS, 2014).<sup>11</sup> Each year of life was multiplied by the VSLY, and this was

<sup>11</sup> The estimate for years of life lost is based on an average life expectancy of 82.2 years (ABS, 2014).

then discounted back to current dollars at 3%<sup>12</sup> (as benefits are preferred now, rather than in the future). If a ten year old child were to die in 2016, society would value the loss of life at around \$5.5 million (in 2016 dollars).

Hence, it was estimated that if 1.5 childhood deaths were averted in the first year of registration, the benefits of registration would exceed the costs, or 5.8 deaths over the period 2016 to 2019. Table 3.2 shows the number of child deaths averted in each year to break-even on this criterion alone. In reality, death is an extreme outcome, although in Australia there were an estimated 240 deaths from child abuse in the year 2007 (Access Economics, 2008), suggesting the break-even point is reducing deaths by around 0.6%.

**Table 3.2: Child deaths needed to be averted, 2016 to 2019**

Year	2016	2017	2018	2019	Total
Child deaths needed to be averted	1.5	1.3	1.4	1.5	5.8

Source: Deloitte Access Economics' calculations.

### 3.3.3 Costs of admitted patient mental health care

Social workers, and particularly mental health social workers, often provide skilled counselling and advocacy for people with cognitive and psychiatric impairment. Effective performance of this role by qualified practitioners can reduce the burden on other areas of the health system, such as admitted patient mental health care in hospitals.

In 2013-14, there were approximately 381,718 hospital separations for which the primary diagnosis was a mental or behavioural condition, of which approximately 198,556 were in public hospitals.<sup>13</sup> It has been estimated that the average cost of a public hospital separation for mental and behavioural conditions was \$9,128 in 2013-14 (AIHW 2015).<sup>14</sup>

Therefore, it is estimated that registration of social workers would break-even if 903.7 public hospital separations for mental and behavioural conditions were avoided in 2016. This is equivalent to approximately 0.5% of all public hospital separations for mental and behavioural conditions in 2013-14.

**Table 3.3 : Public hospital separations needed to be averted, 2016 to 2019**

Year	2016	2017	2018	2019	Total
Public hospital mental and behavioural condition separations needed to be averted	903.7	789.6	829.4	871.9	3,394.6

Source: Deloitte Access Economics' calculations

<sup>12</sup> This is lower than the 7% discount rate used in the cost modelling, since it only includes positive time preference, not inflation or productivity gains included in that former rate.

<sup>13</sup> 'Separation' is the term used to refer to the process by which an admitted patient completes an episode of care by being discharged, dying, transferring to another hospital, or changing type of care.

<sup>14</sup> AIHW advises that caution should be used in interpreting these data as the costs are based on estimates for the 2011-12 reference period.

## 4 Next steps

This report has estimated the costs of registration of social workers in Australia. **While a detailed, quantitative analysis of benefits is beyond the scope of this report**, the potential benefits of registration were also considered, including through break-even analysis showing the number of adverse impacts of non-registration that would need to be averted for the benefits of registration to outweigh the costs.

While this analysis has provided some useful parameters around the costs and benefits of registration, further research is needed to develop a robust cost benefit analysis (CBA) that could be used to present the economic case for registration of social workers. In particular, a robust cost benefit analysis is necessary to meet the requirements of the Office of Best Practice Regulation (OBPR) to establish new policy. To do this, the expected costs and benefits need to be established for a range of options, including the status quo (the scenario of no change to current non-regulated practice).

Based on the qualitative benefits and break-even analysis in Section 3, there is the potential for substantial benefits to be realised. Future research to quantify these benefits could include establishing robust parameters around the impacts expected from registration of social workers in Australia. This could be based on data analysis from other countries where social workers are required to be registered. Ultimately the benefits may be reflected in reduced hospital admissions for mental health conditions, reduced cases of child abuse, and in some cases, reduced deaths. However, further analysis is required to estimate the actual size of expected reductions, and whether there are broader impacts not considered in this break-even analysis.

In addition to the benefits considered in the break-even analysis, there are likely to be other benefits from the registration of social workers. For example, it is likely that registered social workers equipped with the correct skills and knowledge will be better able to help support their clients, and provide improved health outcomes in situations of vulnerability (for example, for elderly Australians). Again, these benefits would need to be established relative to the status quo (no change), by considering differences in impacts evident in literature from other countries where mandatory registration has been implemented.

Future work to establish the costs and benefits of registering social workers, and who bears the costs, for each regulated and un-regulated option (in line with OBPR guidelines) could also include stakeholder consultations. Potential stakeholders include AHPRA, existing national boards and other stakeholders which could provide more detailed information on the components of the fixed and variable costs, and extent of benefits associated with registrations. This may allow a more detailed CBA to be developed.

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