National Foundation for Australian Women
REAL WOMEN. VISIONARY LEADERSHIP

GENDER LENS ON THE ELECTION: MEDIA BRIEFING

Key Policy in discussion	**EMPLOYMENT – the Care Sector**
Portfolio and or agency	**Attorney-General's Department, Health and Aged Care, Education, Skills and Employment**
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Executive Summary

As evidenced through the COVID-19 pandemic the low wage structure in care sectors is undermining the ability of providers to attract and retain staff, impacting quality and availability of care. One-off payments to some of these workers before an election may be an acknowledgement of the issues, but it is not the structural reform needed across the care sectors.

The care sectors are important to two of the drivers of economic growth - productivity and participation because the services they provide free other workers up from unpaid caring responsibilities, and allow them to work in more productive activities.

Higher wages and more secure employment conditions will address current and emerging skill shortages, and help address the systematic gender pay gap in Australia. Government cannot outsource its responsibility for poor wage outcomes in a sector it largely funds and regulates. Regulatory reform and increased funding are needed to address low wage growth, sector-wide undervaluation of women's jobs and the job insecurity that is used to pin them in place.

Key Questions of concern that need to be addressed

1. Do you have policies to address the regulatory failures associated with continuing job insecurity and forecast low wages in care sectors?

2. Will you join employers and unions in supporting the case before the Fair Work Commission to redress the historical undervaluation of wages in the aged care sector?

3. The pandemic has demonstrated the importance of a viable early childhood education and child care sector. What plans do you have to support the ECEC sector through better pay and conditions for early childhood educators?

The National Foundation for Australian Women is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

Authorised by the National Foundation for Australian Women, Canberra: President Ms Jane Madden.

Details about this policy

EMPLOYMENT REGULATION AND THE CARE SECTOR

Awards are a ’safety-net’: they set wages for at a low base those who do not have agreements (section 134(1)(b)) of the FW Act). However the agreement stream itself is ‘in precipitous decline’ (para 43). Agreements are being terminated at unprecedented rates--and never worked well in the grant-dependent care sectors (para 44-46). So care sector workers mainly receive the lower rates set by awards where their work is widely agreed to be undervalued.

Recent cases in childcare and aged care have shown that the equal remuneration provisions of the Fair Work Act are unworkable (paras 75-76). Commonwealth regulation around wage theft and sham contracting (p. 26) is also widely agreed to be inadequate. Experience supports expectation that recent changes to the Fair Work Act enabling employers to deem new employees to be casual will worsen the ongoing shift to insecure employment across the economy. Adding to this, a barely regulated gig economy is growing among home care workers in aged and disability care.

All of these are regulatory failures, and all the failures fall most heavily on low paid and insecure workers, especially those delivering services. Many of these workers are women in the care sector. NFAW believes that the regulations driving low wages and insecure work need to be rectified.

AGED CARE

The Aged Care Royal Commission surprised no one when it described current aged care provision as “a sad and shocking system that diminishes Australia as a nation”. In the name of choice and competition, governments have absolved themselves of responsibility for direct service provision, not provided adequate market stewardship, and grossly underfunded services – and then relied on consultants, Councils and Commissions to analyse what went wrong, so it could pick and choose and defer solutions.

Counting the Royal Commission, there have been 20 high level reviews of the aged care system in the last 11 years, and the Treasurer has now announced yet another review by the Productivity Commission. No significant actions have resulted, but the operational problems with aged care are at least widely understood. Place numbers are capped, so that there are not enough places in either home-based or residential care to meet current need, much less to meet projected future need. Marketised models adjust to underfunding of these places by naturalising underfeeding (pp 69-70) and substandard care (p. 72), undervalued and insecure jobs (p. 214), and in many cases the exploitation and churning of temporary migrants. Current governance arrangements are, as the Royal Commission put it, characterised by a lack of curiosity (p. 187).

The 2021 Budget provided some additional care places and some additional minutes of care. It virtually ignored how they would actually be delivered. Only 3.8% of residential aged care facilities have staffing levels at or above the minimum staffing standards recommended by the Royal Commission. Forty per cent of carers are intending to leave the industry by 2024, mainly because of poor wages and stress associated with permanent understaffing.

This is widely understood. The Royal Commission (rec. 284), providers, consumers, unions and think tanks have all called for 'wages in the aged care sector … to be significantly increased because the work of aged care workers has been historically undervalued'. NFAW endorses this call.

Apart from an incentivising 'retention bonus' for nurses, there was nothing in the 2021 Budget to boost carers' wages. The preferred approach was to develop an advertising campaign based on the joy of caring. When unions brought a work value case to the Fair Work Commission, the Aged Care Workforce Industry Council brokered a stockholder statement of support. The Government as ultimate employer has declined to participate. Instead, it proposed another band aid, a one-off pro rata retention bonus of up to $800 for residential carers and $600 for home-based carers.

Most Australians agree (p. 3) that the government should provide more funding for aged care. By 2030, if the government adopts the most ambitious Royal Commission recommendations, additional yearly Budget costs could reach $15.5bn, about the size of this year's election pork barrel.

The Royal Commission proposed to pay for reform through some form of levy. Analysis commissioned by NFAW found that any cost to government of increased service delivery and wages in the broad care sector would be offset by an economic growth dividend from rising revenue from taxes on income and consumption, leaving a net impact on the deficit of less than $3 billion.

- ## EARLY CHILDHOOD EDUCATION AND CARE (ECEC)

The COVID-19 pandemic has demonstrated the importance of a viable ECEC sector to support working families and children. Yet the sector is facing some serious workforce issues which threaten economic recovery if services are not adequately staffed and families cannot get the care they need.

Strategies for recruitment and retention are urgently needed to meet growing demand and maintain high quality services. The Australian Government's occupation projections to November 2025 predict the ECEC sector will require around 26,000 additional Certificate III and IV trained educators, as well as more than 8,000 additional early childhood teachers to deliver preschool programs.

The ECEC sector has a predominantly female, low-paid workforce – many are in part-time, casual jobs and do not have economic security. Over a third of respondents working in ECEC reported to a 2021 HESTA survey that their household income was less than $60,000 and almost one in five reported their household earned less than $40,000. Almost one in five ECEC educators HESTA surveyed in 2019 and 2020 said they were considering leaving the sector within two years. Among the biggest issues were dissatisfaction with wages, feeling unappreciated by the community for their role as early educators and a lack of opportunities for promotion and growth.

Reasons for low pay in the ECEC sector cited by the Australian Industry and Skills Committee include: a high proportion of female workers, dependency of educators on modern awards that set minimum standards of pay and conditions and various funding models that operate in the sector. The sector has not had real wages growth. A five-year wage case was rejected by the Fair Work Commission in 2018. In 2021 the Fair Work Commission agreed that minimum pay rates should be increased for early childhood teachers in early childhood services, employed under the Educational Services (Teachers) Award. This decision does not extend to all educators working in child care. The OECD's advice to governments is that the attrition of educators from the sector cannot be stopped unless governments pay early educators on par with educators in the primary school sector.

A key driver of child care costs are wages. Governments pay around half the total cost of early childhood services, mainly through the child care subsidy from the Australian Government that helps families pay fees. State governments also contribute to the cost of preschool. Families pay the remainder of the fees, with many paying more for early childhood services than they would for private schools.

Governments generally state that better remuneration is a matter for employers, whereas employers and unions argue governments need to contribute more funding to the sector before educators' wages can increase. Since child care services and families are supported by the Australian Government's child care subsidy, the remuneration of educators could improve with an increase in the hourly rate of child care subsidy. Without an increase, child care costs are likely to rise and wages will remain low.

Investing in ECEC has economic benefits for early childhood educators and working families. Modelling commissioned by the NFAW in 2019 indicates that an increase in government expenditure in care services, including aged care, disability care and ECEC, would deliver clear economic benefits for GDP by 2030 – GDP would be 1.64 per cent higher than it would have been otherwise. Additional employment and higher wages in the care sector directly support women's employment and incomes. Increased labour market participation boosts the whole economy, offsetting the cost to the Government of increased support for the care sector.

The NFAW calls on the Government to increase the hourly rate of child care subsidy and work with State and Territory Governments and employers to:

- address low pay, recruitment and retention issues in the ECEC sector
- support the ECEC workforce through short, medium and long-term workforce development strategies under a *funded* National ECEC Workforce Strategy, agreed to by Australian, State and Territory governments, for professional development support for educators and services
- expand the ECEC workforce through an expansion of JobTrainer, VET or higher education fee waivers, scholarships or incentives for women (and men) to undertake Certificate III training, diplomas or early childhood degrees
- stimulate the economy and women's workforce participation through increased support for the care sector.