

Key Policy in discussion	THE CARE ECONOMY – AGED CARE
Portfolio and or agency	Department of Health and Ageing
Date Issued	5 November 2022
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Key Portfolio Issues

The changes articulated through the aged care measures set out in the October 22-23 Budget are important to women – more important than the sum of individual budget items -- because together they underpin a strategy to reform this sector of the care economy. That is, they create or support drivers to raise the quality of governance and service delivery in residential aged care and to professionalise and develop its workforce. It will take time for individual drivers to be implemented and to become effective, and more time for their effects to be coordinated and evaluated.

These budget measures relate to Economic (employment rate) and Social (gender gap in hours worked) themes and indicators in the OECD Wellbeing Framework. NFAW recommends that Australia's Budget Wellbeing framework should include social infrastructure, including its workforce, as a national priority.

Budget Measures

It is important to note that the October 2022 Budget Papers identify new expenditures only.

After COVID-related measures are netted out of the \$3.9b aged care Budget expenditure, the remaining \$3.04b has been used to fund election commitments in [Labor's Plan for a Better Future](#) and associated legislation: the recently passed *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* and the *Aged Care Amendment (Implementing Care Reform) Bill 2022* currently before the Senate.

Importantly, Budget documentation makes it clear that the Government has also deposited an undisclosed sum into a contingency reserve to fund wage increases resulting from the work value case for aged care workers that is currently before the Fair Work Commission. Depending on the Commission's decision, this could amount to [\\$3.4 billion per year](#) (based on the 25 per cent claim). The 4 November 2022 interim decision awarding a 15 per cent pay rise leaves open further Commission decision-making on the coverage and quantum of the final pay rise.

The National Foundation for Australian Women is a feminist organisation, independent of party politics and working in partnership with other women's organisations. NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres.

Large expenditures identified in the **Fixing the Aged Care Crisis and Implementing Aged Care Reform packages** ([Budget Paper No 2](#), pp. 125-6, 127) include:

- \$2.5 billion over 4 years from 2022–23 to improve the quality of care in residential aged care facilities by requiring all facilities to have a registered nurse onsite 24 hours per day, 7 days a week from 1 July 2023 and increasing care minutes to 215 minutes per resident per day from 1 October 2024
- \$312.6 million over 4 years from 2022-23 for essential aged care information and communication technologies system maintenance and enhancements, including streamlined reporting, and to enable aged care sector reform
- \$68.5 million over 4 years from 2022-23 to extend and expand the Regional Stewardship of the Aged Care outreach model to strengthen governance and to support the implementation of aged care reforms in regional areas
- \$53.5 million for 12 months from 1 January 2023 to extend the Disability Support for Older Australians Program to 31 December 2023.

The Government will also extend existing grant arrangements for the Commonwealth Home Support Program for a further 12 months to 30 June 2024 to reflect the new start date of 1 July 2024 for the Support at Home Program.

Policy issues and indicators

For aged care providers

According to [analysis conducted by CEDA](#) in 2021, the aged care sector currently receives more than \$22 billion of government funding per year; supports more than 1.3 million people receiving some form of care service; and employs more than 360,000 people (p. 11).

According to the [Australian Institute of health and Welfare](#), at 30 June 2021 (or during the 2020–21 financial year for home support), around 2 in 3 people (65 per cent) using aged care services were women. More women than men were using permanent residential aged care (66 per cent women, 34 per cent men), home care (66 per cent women, 34 per cent men) and home support (65 per cent women, 35 per cent men). Across all mainstream aged care services Indigenous Australians represented 2.7 per cent of users. Thirty-three per cent of users were born overseas. Of those, 66 per cent were born in non-English-speaking countries.

It is important to be alert to the connection between individual funding items and the long-term systemic reform measures being introduced into the sector, largely through recently introduced legislation. The Budget Papers do note this to some extent (BP No 2, p. 125). For providers these reform measures include – in addition to the new minimum standards set for care minutes and registered nursing support—a range of governance and transparency initiatives which are not big-ticket items but which are intended to drive significant change, such as:

- new financial reporting requirements and measures to monitor the costs associated with aged care, placing greater responsibility on providers to be transparent and fair (\$8.2 million over 4 years from 2022–23)
- a cap on how much can be charged in administration and management fees
- extended functions for the Independent Health and Aged Care Pricing Authority aimed at better price-setting for aged care homes

- a new Australian National Aged Care Classification (AN-ACC) funding model for residential aged care homes, intended to deliver more equitable funding, better matched to providers' costs in delivering the care residents need (\$43.8 million over 3 years from 2022-23 is being provided to expand eligibility for homes wishing to access the transition fund)
- a Star Ratings System, which will see the Department of Health and Aged Care publish a comparison rating for all residential aged care services by the end of 2022
- an extension of the Serious Incident Response Scheme to all in home care providers from 1 December 2022, meaning increased protection for older Australians from preventable incidents, abuse and neglect
- the establishment of an Inspector General of Aged Care and the Office of the Inspector General of Aged Care as a Statutory Agency (\$38.7 million over 4 years from 2022–23)
- the establishment of an Aged Care Complaints Commissioner within the Aged Care Quality and Safety Commission from December 2022 (\$9.9 million over two years from 2022–23)
- strengthened regulation of aged care providers, including through new civil penalties to better protect whistle blowers and ordering providers to pay compensation to care recipients where loss or damage has occurred due to neglect, and
- and a new Code of Conduct for approved providers and their workforces.

Costs will be partially met from within the existing resourcing of the Department of Health and Aged Care.

All of these measures are clearly intended to drive institutional reform in the residential aged care sector. Many of them were recommended by the Royal Commission into Aged Care Quality and Safety. Whether they work well individually -- and, importantly, whether they mesh into a coherent and effective strategy -- are questions that will not be answered in this budget cycle. Embedding individual reforms and coordinating the drivers established by each will take some time, particularly as they must also intersect with the workforce reforms outlined below.

For the aged care workforce

According to the somewhat sketchy [2020 Aged Care Workforce Census Report](#), the aged care workforce remains highly feminised, with about 86 per cent of the Residential Aged Care workforce across direct care roles identifying as female and most direct care workers in both Home Care Packages Program and the Commonwealth Home Support Program also identifying as female (pp. 15, 30, and 43).

The shortage of workers in the sector is widely acknowledged to be critical. Based on CEDA's analysis, if staffing levels were set at the minimum standard identified in [Royal Commission research](#), and if the workforce simply continued to grow at the rate prevailing in 2021, there would be a shortfall of more than 110,000 direct-care workers within the decade and of 400,000 workers by 2050. These projections are on top of significant existing skills shortages, staff losses due to burnout following COVID, and competition for staff from the child care and NDIS services. In 2021, almost half of all aged care workers (48.3 per cent or 47,000) with less than one year's [experience reported planning to quit their jobs by 2024](#), mainly because of poor remuneration.

The Budget commitment to fund a Fair Work Commission work value wage increase for both facility-based and home-based carers is a response to workforce shortage issues, but its nature is critically important. It is not just a retention measure. It is qualitatively different from the one-off pro-rata incentive payments offered to a subset of aged care employees by the previous government. **It will change the nature of aged care employment by recognising and valuing the profession as a profession.** This recognition is underlined by the

new minimum staffing hours to support care quality, and by the new national registration scheme for personal care workers (\$3.6m in 2022–23), which will include a code of conduct, ongoing training and English proficiency.

Gender implications

Sixty-five per cent of those receiving aged care services are women. Eighty-six per cent of those delivering residential aged care services are women. The changes articulated through the measures set out in the October 22-23 Budget are important to women – more important than individual budget items -- because together they underpin a strategy to reform this sector of the care economy. That is, they create or support drivers to raise the quality of governance and service delivery in residential aged care and to professionalise its workforce. It will take time for individual drivers (such as the star rating system) to be implemented and to become effective, and more time for their effects to be coordinated and evaluated.

NFAW welcomes the suite of aged care measures and notes that the newly introduced transparency measures, Star Ratings System and complaints mechanisms between them should yield data for ongoing evaluation of their longer term impact.

Of course there remain significant resourcing issues driven by the new minimum quality standards and by ongoing demographic change. Increases are urgently needed to the number of places in the Support at Home Program. The Budget accepts and forecasts need for more money: the Assistance to the Aged sub-function is estimated to increase by 8.9 per cent in real terms from 2022–23 to 2025–26 (BP 1, 189). If the Budget broadly speaking has confined itself to embedding systemic reforms, it has also very intentionally opened the conversation on where the money to fund the system will come from.

As for where the workforce will come from, much is being done inside and outside the health and ageing portfolio. The lack of fair remuneration, skills recognition and professional career paths in the age care sector -- all common causes of staff attrition -- are being addressed through the Budget and through the Fair Work Commission processes. Following the decision by the Fair Work Commission in the work value case, the training needs of workers in the aged care sector should be reviewed by DEWR to provide the evidence base required to design programs suited to career paths in the sector.

Professionalising and recognising work value in care economy is a critical underpinning of gender equality and should be celebrated.

More importantly still, these changes intersect with in other workforce measures recognised in the October 2022-23 Budget and in legislation currently or recently before the parliament.

- The Aged Care Amendment (Implementing Care Reform) Bill 2022 now before the Senate would implement the Government’s election commitment to improve job security in the sector by requiring providers to preference direct employment for their staff.
- Subject to passage of the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022, the Fair Work Commission is to have two new Fair Work Commission Expert Panels, one on Pay Equity and one specifically on the Care and Community Sector. The Budget provides \$20.2 million over 4 years from 2022-23 (and \$5.3 million per year ongoing) for the panels and a specialised research unit (Budget Paper No 2, p. 103). Their work will be underpinned by a suite of measures clarifying and entrenching equal remuneration in the Commission’s decision-making.

- The Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022 would also provide supported multi-employer bargaining to ‘those in low paid occupations, government-funded industries, and female-dominated sectors, as well as employees with a disability, employees who are culturally and linguistically diverse and First Nations employees who may be employed in such sectors and face additional hurdles’ ([Explanatory Memorandum](#), p. 105). It would also limit the use of fixed term contracts and support access to flexible work arrangements. These were all election commitments. Additional commitments relating to ‘same job same pay arrangements’ for labour hire and gig workers should be addressed in the next tranche of industrial reform legislation.
- The boost to training places announced in the Budget (Budget Paper 2, pp. 104) is aimed at delivering 480,000 fee-free TAFE and community-based vocational education places over four years. As a first step, the Government is entering a \$1 billion agreement with the states and territories to provide 180,000 places in 2023. This agreement will prioritise training for students that traditionally face barriers to work and study, including women facing economic equality issues, and target industries with severe skill shortages. Care sector industries will certainly feature.
- The **Women's Safety - Respect@Work** package in the Budget (Budget Paper No 2, p. 55) will fund a number of reforms associated with the *Respect@Work* report and the Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Bill 2022. The package includes funding for the Australian Human Rights Commission to undertake education and compliance activities associated with introducing a positive duty on employers to take reasonable and proportionate measures to eliminate sex discrimination, sexual harassment and victimisation (\$5.8 million over 4 years from 2022–23 and \$1.8 million per year ongoing), and a one-stop shop for workplace sexual harassment information, complaint options, support service and referrals (\$2.1 million over 4 years from 2022–23 and \$0.4 million per year ongoing). There is also \$32.0 million over 4 years from 2022–23 (and \$8.0 million per year ongoing) to fund **Working Women’s Centres** in all states and territories to provide advice, information and advocacy to workers on gender-based workplace issues, including sexual harassment. This initiative has long been sought by NFAW and is warmly welcomed.
- Women’s access to the care economy and broader workforce will be further enhanced by key budget measures aimed at increased support for both child care and paid parental leave.

This kind of coordinated systemic change constitutes a great gain for women in the care economy and in the paid workforce more generally.

Recommendations

NFAW strongly endorses the efforts coordinated through the budget and related legislation to reform the provision of aged care and to professionalise and value its workforce. We also appreciate the forthright Budget analysis of the pressing need for further funding to enable the sector to meet demand for both residential and home-based care. We strongly recommend that the government move quickly to engage the community in settling its fiscal priorities because the demand in the care sector and elsewhere is pressing.

Following the decision by the Fair Work Commission in the work value case, the training needs of workers in the aged care sector should be reviewed by DEWR to provide the evidence base required to design programs suited to career paths in the sector.

NFAW recommends that the Budget Well-Being framework should include social infrastructure, including its workforce, as a national priority.