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| <b>Key Policy in discussion</b> | <b>AGED CARE</b>                                                       |
| <b>Portfolio and or agency</b>  | <b>Department of Health and Aged Care</b>                              |
| <b>Date Issues</b>              | <b>20 May 2023</b>                                                     |
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### **Key Portfolio Issues**

Several funding announcements were made in the Aged Care portfolio which will have a net positive impact for women. The aged care measures in the 23-24 Budget continue to support significant ongoing reforms of this sector of the care economy arising from recommendations in the [Final Report of the Aged Care Royal Commission in 2021](#). Expenditure supports a 15 per cent pay increase for the aged care workforce, increased quality of care indicators and regulatory framework measures, and 9,500 additional Home Care Packages to reduce the waiting list. Funding has also been allocated to support improved access to culturally safe aged care on Country for First Nations older people. Notably, the Government will postpone the commencement of the Support at Home Program to 1 July 2025 in response to stakeholder concerns. Increased funding for respite care has not been allocated in the budget.

### **Budget Measures**

Large expenditures identified in the Ageing and Aged Care budget ([Budget Paper No. 2](#), pp.125-135) include:

- \$11.3 billion over 5 years to fund a 15 per cent pay increase for 250,000 aged care workers
- \$166.8 million in 2023–24 for an additional 9,500 packages announced for 2023-24
- \$52.1 million of increased funding for National Aboriginal and Torres Strait Islander Flexible Aged Care Program - supporting viability of aged care providers in rural and remote areas to provide culturally safe care for First Nations older people.
- \$7.6 million to build capacity of Aboriginal Controlled Organisations to provide care for First Nations older people on Country
- \$72.3 million for development of a new Aged Care Act (new regulatory model and prudential framework)
- \$12.9 million to strengthen food and nutrition reporting and for expert dietary advice to providers and to improve dining experiences for aged care residents
- \$1.3 million to begin Monthly Care Statements about care provided and occurrences of significant change or events for residents

- \$126 million investment to enhance the Star Ratings system for better data quality and analysis
- \$11.9 million for the expansion of the existing Quality Indicator program to in-home care services, and
- \$364.6 million in 2023-24 to continue the Government's response to Covid-19 in aged care.

### **Background: current circumstances of women in this portfolio**

Ageing and aged caregiving is a gendered issue, both in terms of the people receiving care and the people providing it. 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. Females are also more likely to be unpaid caregivers than males (12.3 per cent of all females versus 9.3 per cent of all males).

As at June 2022, 1.2 million older Australians were accessing aged care services, and there were around 434,107 staff working in aged care. At 31 December 2022, there were 37,894 people waiting for a Home Care Package at their approved level, which is a 45 per cent decrease since 31 December 2021 (68,429). Up until 23 December 2022, there were approximately 3,606 deaths in residential aged care due to Covid-19. Though impacted by Covid deaths, Australia's ageing population is still projected to increase from 15 per cent of the population in 2017 to between 21 and 23 per cent by 2066. The current life expectancy gap for Aboriginal and Torres Strait Islander and non-Indigenous Australians is 8.6 years less for males and 7.8 years less for females, though rates of aged care use are higher for Indigenous Australians than for non-Indigenous Australians, despite issues with culturally safe care and accessibility on Country.

Aged care workers were recently awarded a 15 per cent pay rise by the Fair Work Commission, who accepted that the workforce has been historically undervalued due to gender-based devaluing of the care economy, though this is an interim decision and is well short of the 25 per cent rise requested by the union. The aged care workforce has been under severe pressure due to the Covid pandemic over the last few years, with Covid restrictions impacting on staff morale and leading to a high number of staff leaving the sector.

Gendered ageing and caregiving will continue to place pressure on the provision of both formal and informal care, and wage pressures in the sector will need to be addressed through the Fair Work Commission and new bargaining provisions. There is also a continuing need to train, professionalise and create career pathways for this workforce to address perceived further shortfalls in the aged care workforce (see **Employment – Care Sector Workforce**).

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## Gender implications of this Budget measure

The 23-24 Budget measures are important to women in their continued focus on reforming this sector of the care economy. The \$11.3 billion allocated over 5 years to fund a 15 per cent pay increase for many aged care workers may help to increase the status and desirability of work in this area and stem the flow of workers leaving the sector. The Aged Care Royal Commission reported an estimated need for more than 130,000 additional, full-time equivalent workers by 2050 -- a 70 per cent increase on current levels. The new National Registration Scheme and minimum Certificate III qualification [may further exacerbate this gap](#) in the short term.

While the pay increase is positive, there is potential that this pay increase may push some aged care workers into a higher tax bracket, reducing their prospective take home pay. Current high levels of inflation will also blunt the impact of this increase. Additionally, workers in administrative positions and many chefs and cooks will not be covered by this increase. However, international students working in the aged care sector will be exempt from the 48 hour per fortnight work limit until 31 December 2023 (Budget Paper No. 2. p. 12), which may facilitate their employment in this area.

The 2023-24 Budget includes \$166.8 million in 2023–24 for an additional 9,500 aged care packages, which will reduce waiting lists further and support unpaid caregivers. These places are intended to [offset temporary changes](#) to the residential aged care provision ratio from 78.0 places per 1,000 people over the age of 70 to 60.1 places. While the reduction in these ratios is concerning, this redirected funding has been justified to align with older people’s preferences to receive care in the home rather than enter residential aged care. Increased funding for respite care has not been allocated in the Budget, and this is something that needs to be addressed to support the wellbeing of unpaid caregivers, as a high proportion of carers using respite [have reported issues with access](#).

There is a Budget allocation to continue the Government’s response to Covid-19 in aged care, though only for 2023-24. This reflects the World Health Organization’s [downgrading of Covid-19](#) to no longer being a global health emergency. However, residents in aged care facilities continue to die from Covid [in high numbers](#), though these numbers are rarely front page news.

Aboriginal and Torres Strait Islander women may face [barriers](#) to accessing and using aged care services for complex, inter-related reasons, including remoteness, language barriers, and the effects of racism and continued socioeconomic disadvantage. The Budget includes measures aimed at improving the provision of culturally safe care for First Nations older people, including increased funding for National Aboriginal and Torres Strait Islander Flexible Aged Care Program in rural and remote areas, and funding to build capacity of Aboriginal Controlled Organisations to provide care for First Nations older people on Country. The appointment of an interim [First Nations Aged Care Commissioner](#) will also increase focus on the access and support needs of First Nations older people.

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The Government has allocated \$309.9 million over the next 4 years to continue to implement recommendations from the Aged Care Royal Commission's [Final Report](#) aimed at improving the regulatory framework and standard of care provided in aged care. Funding will strengthen reporting around care provided and significant change or events for residents on a monthly basis, food and nutrition reporting, and improved dining experiences. There is investment in enhancing the Star Ratings system's data quality and analysis for residential care and expanding existing Quality Indicator program for in home care, which will assist consumers to make informed choices about care providers.

It will take time for these individual drivers to become established, and more time for their effects to be coordinated and evaluated. The lynchpin of these measures is an investment of \$72.3 million for development of a new Aged Care Act, encompassing a new regulatory model and prudential framework. These large-scale changes may have increased implications for future budgets, and the Government has noted that they will consider future funding when the longer-term legislative arrangements under the new Aged Care Act are developed (Budget Paper No. 2, p. 125).

The commencement of the Support at Home Program has been postponed to 1 July 2025 in response to [concerns](#) raised by stakeholders around issues such as the training and qualifications of assessors who will be involved in the assessment process, funding models, allocation, and management of funding. Grant arrangements for the Commonwealth Home Support Programme have consequently been extended for a further 12 months to 30 June 2025. Though these delays will allow further co-design involvement of stakeholders in the program development, [concern](#) has also been expressed that the delay risks perpetuating the service gaps that older people are currently experiencing.

## Recommendations

NFAW recommends:

- increasing funding for respite care services to ensure they are available and accessible to support unpaid caregivers, who are predominantly women, and play a crucial role in providing care for ageing family members.
- prompt action to address the concerns that have been raised by stakeholders in the Support at Home Program to ensure the program is effectively developed, involving input from all relevant parties. Delay or postponement could prolong service gaps for older people.

Wage pressures and training needs in the sector remain to be addressed; and despite positive first steps, there is a need for continued funding allocated to address barriers for First Nations people.

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