National Foundation for Australian Women
REAL WOMEN. VISIONARY LEADERSHIP

Budget 2021 – Social infrastructure

Social infrastructure: the care sector

Overall, NFAW welcomes additional funding for industries in the care sector, but regards Budget 2021 as a missed opportunity to address the structural reforms necessary to ensure the money is used effectively.

The funding for the female-dominated care sector in the 2021 Budget is not measured in terms of employment, as were the stimulus packages for male-dominated industries in the October 2020 budget. In practice the employment impact may be muted: employers across the sector report staff ongoing shortages and difficulty attracting and retaining well-skilled staff due to low wages, poor employment conditions, lack of investment in staff training, and no career pathways. The Budget targets payments to operators, who have an established record of approaching workforce management as a cost-cutting opportunity.

This is a systemic problem, driven by funding levels combined with the proportion of care operators using a commercial business model, and enabled by the continued undervaluation of women's work. Despite industry urging, the government has put no strategy in place to lift wages and address the risk of shortages and skill gaps that undermine the quality of care.

Social Infrastructure

The Budget

There are a number of measures in the 2021 budget that should have a positive impact on employment in female-dominated industries which are not counted as outlays in the Women's Budget Statement (WBS). These include new spending in the care economy such as childcare ($1.7 billion over four years), aged care ($17.7 billion over five years), mental health ($2 billion over four years) and support services for victims of family violence ($998.1 million over four years). The NDIS will continue to expand in line with existing projections ($13.2 billion).

There is some additional training money to support service delivery in aged care and mental health services (see Aged Care, Health, and Vocational Education and Training).

There is one initiative to support the undervaluation of care work. The Government will provide $124.7 million over two years from 2021-22 under the National Housing and Homelessness Agreement to assist in bolstering public housing stocks, or in meeting wage requirements under the 2011 Fair Work Australia decision on social and community services wages, where that requirement has not already been met (2021 Budget Paper No 2, p. 183).

Gender implications

Why is this an issue for women?

The Health Care and Social Assistance industry is the largest industry by employment in Australia, taking in sectors such as hospitals, GPs and aged and child care. It now accounts for 12.6 per cent of Australia's working population, and is 77.9% female.

What is more, the sector is forecast to grow: aged care has been estimated to require an additional 100,000 workers over the next 20 years (p 8); in child care 39,000 additional educators, including 9,000 additional Early Childhood Teachers will be wanted by 2023 (p.4); in disability care the current shortage is estimated at 120,000.

Recent reports on aged care (p. 76) child care, (p. 31), and disability care (p. 5), have all found, however, that employers in the sector are having difficulty attracting and retaining well-skilled people due to low wages, employment conditions configured to further cut costs, lack of investment in staff and, in particular, staff training, and no career pathways.

This is a systemic problem, driven by funding levels combined with the proportion of care operators using a commercial business model, and enabled by the continued undervaluation of women's work. We have documented its characteristics at length in our recent submission to the Senate Select Committee on Job Security, but it is best summed up in Per Capita's Case for a Care-led Recovery:

> The systemic insecurity of employment in the care economy has been pursued by providers, and allowed under government policy, in the pursuit of cost savings and profit growth for private, for-profit operators of both residential and in-home care. This workforce 'flexibility' reduces the cost of labour for providers by eliminating on-costs such as sick leave and other workplace entitlements, and often, by keeping monthly hours for each employee below the mandated threshold, even negates the requirement to pay superannuation to care workers. (p. 12)

It is clear why employers report difficulty attracting and retaining staff. Many workers in the fields of aged care, disability care and early childhood education and care, who are required to have at least Certificate III level qualifications, are paid little more than the minimum wage available to workers with no skills or qualifications:

> Retail sales assistant (Aldi) – average hourly pay $25.58
>
> Gas meter reader – average hourly pay $22.97
>
> Average personal care worker – $22.87
>
> Certificate III in Children's Services – $21.99

Rather than address the problem the sector has relied, for more than a third of its workforce (p. 10), on migrant women who are not protected by employment law due to temporary visa status, and who risk deportation or other legal immigration issues if they are not compliant (Joseph 2019, p. 12).

What are the 2021 Budget impacts on women?

The funding for the female-dominated care sector in the 2021 Budget is not measured in terms of employment, as were the stimulus packages for male-dominated industries in the October 2020 budget. This budget focuses largely on services delivered rather than service deliverers, ignoring repeated findings in the sector that the quality of care and the quality of jobs are inextricably linked.

The 2021 budget assumes that in spite of low pay and poor conditions – in spite even of current restrictions on migration – women will be found to do the additional jobs, although it does not estimate how many of those the funding will generate. We estimate that around 11,000 will be required in residential aged care[1] and 10,000 in childcare[2]; and the disability care workforce is estimated to require an additional 90,000 full-time equivalent workers to meet current funding projections consistent with budget commitments (p. 1). Workforce supply may, however, continue to lag behind demand. The government has no plan to address the issue of undervaluation of work in the care sector, which – since it is the key funder in the sector – means that undervaluation will not be addressed.

- Noting that the only Equal Remuneration claim successfully brought to the Fair Work Commission (FWC) under the present legislation was a claim endorsed by the government of the day, the Royal Commission recommended that the principal funder, the Australian Government join in the current application for a work value pay increase in the sector (Aged Care Royal Commission 2021, Vol 1, p. 263, recommendation 84). The government's response was that 'decisions made by the FWC are independent of Government' (p. 56). The Royal Commission's view was that while 'issues relating to remuneration and working conditions are matters for providers as employers, …the way the Australian Government funds the aged care sector directly impacts on how employers can negotiate pay and conditions' (vol 2, p. 124).
- A five-year equal remuneration case for childcare workers was rejected by the Fair Work Commission in 2018 on technical grounds. Again, the main funder of the services did not support the claim.

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[1] Based on modelling commissioned by the Health Services Union recalculated for actual budget commitments. The HSU model incorporated a $5 per hour wage increase, which makes this a conservative estimate.

[2] The Minister's media release pointed to Treasury modelling suggesting up to 40,000 additional women joining the workforce. Then there will be current women increasing their days of work as well. An additional 40,000 families could mean an increase of around 5% in attendances in long day care. Over a workforce of around 200,000 ECEC workers, that would be another 10,000 workers needed.

- The government looks set again to wash its hands of responsibility for the undervaluation of caring work, this time in response to the FWC's invitation to comment on the implementation of a work value decision reached after eight years and the rejection of an equal pay claim (again on technical grounds) affecting 12,000 early childhood educators.
- Fortunately, those in the family violence and mental health support sector were largely given equal remuneration in the 2012 case cited by the Aged Care Royal Commission, where the claim was supported by the government of the day.

The budget does allocate $216.7 million for a package of scholarships and bonuses for eligible registered nurses (Budget Paper No 2, p. 103). Otherwise, there is currently no strategy in place to lift wages and address the undervaluing of the workforce and the risk of shortages and skill gaps that undermine the quality of care. The problem is that in workforce planning, skills identification, integration and development, as well as career development and working patterns are tied to work value and tied also to service outcomes. These are works in progress in the different parts of the sector and bid fair to be works in progress for some considerable time:

- The government's response to the relevant recommendations of the aged care RC (75 and 76), released on budget night, has been to refer the matter to the 'Aged Care Workforce Industry Council [which] will work in collaboration with the Human Services Skills Organisation who will lead on work in relation to qualifications and career pathways'.
- In childcare, since the introduction of the National Quality Framework (NQF) in 2012, there have been tensions between the push for quality ECEC and the extent and cost of regulation for services and families. At the same time, childcare workers have not seen wage growth.

There are fragments of plans to increase the numbers in the care workforce in the absence of lifting wages and improving conditions. However, these do not amount to a strategy.

The situation with aged care is typical. There is funding for an additional 33,800 training places provided through JobTrainer to enable new and existing aged care providers to upgrade their qualifications. However, in 2018 the Aged Care Workforce Strategy Taskforce reported that 'when benchmarked against a globally robust job framework, there is inconsistency and variable quality in the way jobs are defined and sized across the industry … it is also clear that the current education and training skills and qualification framework is not aligned with the nature of the work' (p. 24). Training will therefore proceed in the absence of a skills and qualification framework.

There is, unsurprisingly, funding for a media campaign to build the aged care workforce: $9.8 million over two years from 2021-22 to extend the Care and Support Workforce national campaign (Budget Paper No 2, p. 103).

There is also a commitment of $105.6 million to introduce nationally consistent worker screening, register and code-of-conduct for care sector workers including aged care, disability and veterans sectors (Budget Paper No 2, p. 103) – a welcome development for workers moving to less badly paid sectors, but likely to put even more pressure on industries where undervaluation is worst (p. 18).

Meanwhile, the Budget targets payments to operators, who have an established record of approaching workforce management as a cost-cutting opportunity.

Overall, NFAW welcomes additional funding for industries in the care sector, but regards Budget 2021 as a missed opportunity to address the structural reforms necessary to ensure the money has the full impact intended.

Recommendations

- NFAW strongly urges the government to change its position on recommendation 84 of the Aged Care Royal Commission on Aging, and as *principal funder, join in the current application for a work value increase in the aged care sector.*
- We recommend that the Commonwealth respond constructively to the Fair Work Commission's invitation to comment on the implementation of a work value decision affecting 12,000 early childhood educators, and that it work with the relevant unions to address undervaluation of the work of delivering childcare services see recommendations relating to Early Childhood Education and Care.
- Noting the technical difficulties that beset applications under the current equal remuneration provisions of the Fair Work Act, we recommend that the government amend its legislation to clarify that undervaluation in the basis of sex, and not the identification of a male comparator group, is the criterion to be applied by the Fair Work Commission in establishing a claim.

References

Naomi Joseph, N (2019), Marketising Disability Services: A love-hate in a neoliberal world, *Social Justice, Practice and Theory*, Vol 2, No 2 Student Edition 2209-0878, Sydney University.