

# **The Value of Care**

## **Submission to the Employment White Paper**

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## Contacts

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### About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provision.

We are the largest network of social service providers in Australia, supporting 1.4 million people every year across urban, rural, and remote communities.

We focus on articulating and meeting the needs of people at all stages of life and those that are most vulnerable.

## Background

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UnitingCare Australia is one of the most influential social services advocacy organisations in the country. We are the national body for the Uniting Church's community services network, the largest national network providing more than \$5 billion in support to more than 1.3 million Australians every year.

Our values of hope, respect, justice, compassion, integrity, and innovation mean we continually seek and test new ways to deliver quality services and reach the most vulnerable.

The UnitingCare network is one of Australia's largest employers and we have considerable knowledge and experience of the care sector. We are committed to ensuring equal opportunities and equal pay for women as they comprise the majority of our 50,000 strong workforce and 30,000 volunteers. 82% of our workforce are women. We are a values driven network with a vision that all people should have the opportunity to thrive and live to their full potential.

Our network provides services across 1,600 sites in urban, rural and remote communities. We deliver a wide range of services across the lifespan, particularly to those most in need. Our services include residential and community care, childcare, homelessness prevention and support, domestic violence, mental health, drug and alcohol and disability services. This requires a diverse workforce with skills across both service delivery and corporate activities. As a result, we are also one of the largest recruiters in the country with almost 10,000 job vacancies advertised across the country in the last 12 months.

## UnitingCare Australia Study

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To inform practice improvement, innovation and advocacy, a study was undertaken across the UnitingCare network in 2021 to identify issues that impact women's health and wellbeing. The study identified that economic security is a common theme for women across three interrelated areas detailed below which, if not addressed, inhibit a woman's ability for economic and social participation:

1. **Value of Care** – women's experiences of the labour market, in particular inadequate wages, job security, role opportunity and access to income support for unpaid care. Women are disproportionately impacted by the systemic undervaluing of paid and unpaid care.
2. **Access to Support** – the ability for women to access care, support and justice which ensures their safety and wellbeing continues to be challenged by their ability to pay, and the high demand for services such as accommodation, employment support and financial counselling.
3. **Safety of Women** – the gendered nature of all aspects of our society has resulted in the physical, emotional, economic and community safety of women being

challenged, threatened and risked in all of life's stages including education, employment, family and the justice system.



Without action against these three areas, we risk continuing the disadvantage women experience in our community. The opportunity for the care economy to be transformational for Australia's future is boldly evident, as is the opportunity for the care sector to lead gender de-segregation and advance gender equality. The care sector can be the centre of a focussed and coordinated strategy to support gender pay equity in a measured time frame.

UnitingCare Australia notes the alignment of these issues with the Australian Government's commitment to women's equity and equality including the following initiatives announced in **"Australia Women. Labor's Plan for a Better Future"** and focus areas of the **Jobs and Skills Summit**:

- Delivering a National Strategy to Achieve Gender Equality
- Putting in place a statutory Equal Remuneration Principle
- Setting up an independent Women's Economic Security Taskforce
- Making gender pay equity an object of the Fair Work Act
- Holding a Jobs and Skills Summit which will focus on ensuring women have equal opportunity and equal pay and maximizing job and opportunities in the care economy

The care economy is a canonical example of Industry Gender Segregation which is driving twenty per cent of our Gender-Pay-Gap.

The time for change is now and the mechanism for change is within reach.

We must come together to enact real, tangible policies so that the true value of care becomes entrenched across all aspects of society.

We must embrace the new norm that both paid and unpaid care is the responsibility of a family and a community – not women alone.

And we must look with hope to a future where all people have the chance to reach their potential, because we finally unlocked the power and value of women.

The UnitingCare Australia Network is extensive, diverse, and inclusive:

- 50,000 staff
- 30,000 volunteers
- Women make up:
  - 82% of our workforce
  - 60% of service clients
- Over 1,600 service delivery locations
- Providing services to over 1.4 million people annually

## Innovation in Action

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The UnitingCare Network has a track record of influencing significant policy change and delivering life-changing programs in partnership with Government including the following examples.

UnitingCare Australia undertook a foundational pilot project that informed the creation of the Government's **Launch into Work** program which provides long-term employment pathways for people who have been long term unemployed, with a particular focus on women.

Eldercare repurposed a retirement living facility in Maitland on the York Peninsula in South Australia into free staff accommodation. The aim was to attract and retain workforce, accommodate agency staff and enable Eldercare to continue to deliver much needed services in that regional location.

Helping Hand has recently refurbished a decommissioned wing of a residential aged care facility in Port Pirie into short to medium term accommodation for both staff and students, again to ensure adequate staff to deliver quality services.

People with disability and First Nations people are two groups with higher than average unemployment rates. Uniting NSW.ACT has set targets as a strategy to increase their workforce and their diversity and inclusion. Within their Local Area Coordinator (LAC) team their target for employment of people with disability is set at 20% and they are currently reaching 16%, additionally their target for employment of First Nations people is 15% and they are tracking at 11% to date.

In addition to innovation in service delivery, we are actively engaged in vital policy discussions. In March this year we were the first provider body to **explicitly back a significant increase to aged care wages**, the first to cost it in our **2022-23 Pre-Budget Submission**, and the first to **name it as a gender issue**. We know that if we fix aged care wages, we go a long way toward fixing the gender pay gap. We postulate that if the aged care sector was 82% men, wages would be higher.

## The Care Economy

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The care economy is widely accepted to comprise of the paid and unpaid care work provided in all its forms, as well as the overarching policies and community standards/settings that shape it.

The care sector includes the employing industry and its vital workforce that powers the care economy. The care economy includes more than just the workforce, unpaid care, and is bound by the policies and regulations that shape it. It includes community attitudes, values, and participation in the various aspects.

The health care and social assistance sector, as defined by the ABS, and what we'll call the 'care sector', is the paid workforce across occupations like nursing, personal care workers, childcare, aged care, and disability workers, as well as community services. It also includes the hospital sector and early childhood education and care.

Employment in the care sector is forecast to grow by 15% over the next five years, creating 301,000 new jobs.

Demand for services will increase as our population ages and the recognition that we need to ensure the wellbeing of all people, including people with disability and those experiencing complex disadvantage.

Currently, 1.3 million Australians access aged care services. By 2041, Australia's population aged 65 and over is projected to grow by 54% to 6.66 million. People aged 85 and over is projected to increase by 140% to 1.28 million.

The opportunity for the care economy to be transformational for Australia's future is boldly evident, as is the opportunity for the care sector to lead gender de-segregation and advance gender equality

The care economy is a crucial part of our community today and our country tomorrow. It is more than just essential services, providing care and support for those who need it most. The care economy is an enabler to a better, fairer society where women are paid equally, where the responsibility of unpaid care is shared, and where all people can thrive.

The health care and social assistance sector, or the formal care sector, is the total of paid work taking care of individuals and households across a range of purposes.

Millions of Australians depend on the Care Sector every day. It includes aged care, disability services, family services, mental health services, rural and remote care, and social housing.

Women make up 76% of the care sector

Significant increases in demand are forecast across many segments within the Care Sector. The NDIS and aged care alone are projected to add demand of around 900,000 care recipients in the decade from 2020.

Government social spending is low against international comparison. There are also clear examples within the Care Sector where indexation has failed to meet the increasing costs of wages and goods. Meaning that the capacity to deliver care services is shaven year on year.

One result is that service quality can suffer while the attractiveness of working in the Care Sector is aggressively undermined.

The attractiveness of working in the Care Sector is further undermined by comparatively low pay.

The Care Sector is a canonical example of Industry Gender Segregation which is driving twenty per cent of our Gender-Pay-Gap.<sup>1</sup>

## Australia needs the Care Sector

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Millions of Australians rely on the Care Sector every day.

Australians turn to the Care Sector to help educate their young children, or when they age or when they suffer violence at the hands of strangers or family.

Australia's care workers provide support with daily activities and significant life hurdles. Daily tasks like physical or personal care, transport, or housekeeping. Longer term tasks like emotional support, housing, and financial planning.

- An estimated **500,000 Australians will be receiving disability care** funding from the NDIS within 5 years.<sup>2</sup>
- Over **1 million Australians used aged care services** in 2019-20.<sup>3</sup>
- Over **1.3 million children from over 900,000 families used childcare services** in the May quarter.<sup>4</sup>
- More than **24,000 people present to Hospitals daily** for care.<sup>5</sup>

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<sup>1</sup> Workplace Gender Equality Agency (2021)

<sup>2</sup> National Disability Insurance Agency (2022)

<sup>3</sup> Australian Institute of Health and Welfare (2021)

<sup>4</sup> Department of Education (2020)

<sup>5</sup> Australian Institute of Health and Welfare (2022)

## The Care Sector is massive... And a Massive Opportunity

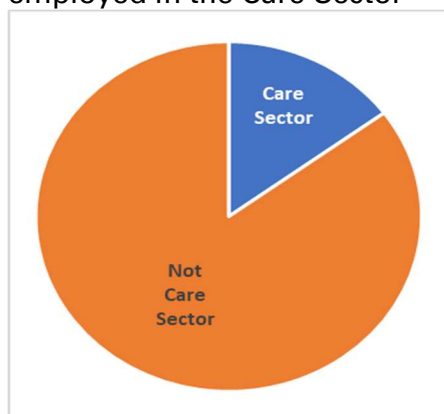
Two million people work in the Care Sector making it the nation's largest employer.<sup>6</sup> More than 1 in 7 Australian workers is employed in the Care Sector (see Figure 1).<sup>7</sup> More than 1 in 13 dollars added to Australia's gross production comes from the Care Sector (see Figure 2).<sup>8</sup> It is also Australia's fastest growing employer, forecast to be 182 million workers larger by November 2026 (see Figure 3).<sup>9</sup>

The Care Sector is massive it is important to recognise the Care Sector presents a massive economic opportunity. The Productivity Commission review of the NDIS in 2017 stated "The NDIS is expected to generate substantial economic benefits that will significantly exceed the additional costs of the scheme". Those benefits include increased workforce participation, improved wellbeing and, savings to other Government services.<sup>10</sup>

Victoria's Royal Commission into Family Violence reached the same conclusion noting "Adequate investment in both these areas (prevention and recovery) should be viewed as offering an opportunity to create savings in the longer term".<sup>11</sup>

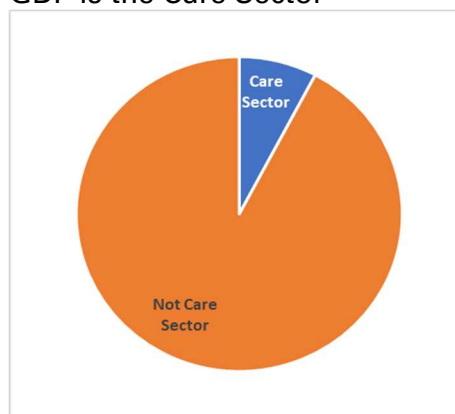
Getting the Care Sector right is a both a moral and an economic imperative for Australia as we look to emerge and prosper through the Covid-19 recovery.

Figure 1: 1 in 7 Australian workers is employed in the Care Sector



Source: Australian Bureau of Statistics (2022)

Figure 2: 1 in 13 dollars of Australian GDP is the Care Sector



Source: Australian Bureau of Statistics (2022a)

<sup>6</sup> Australian Bureau of Statistics (2022)

<sup>7</sup> Australian Bureau of Statistics (2022)

<sup>8</sup> Australian Bureau of Statistics (2022a)

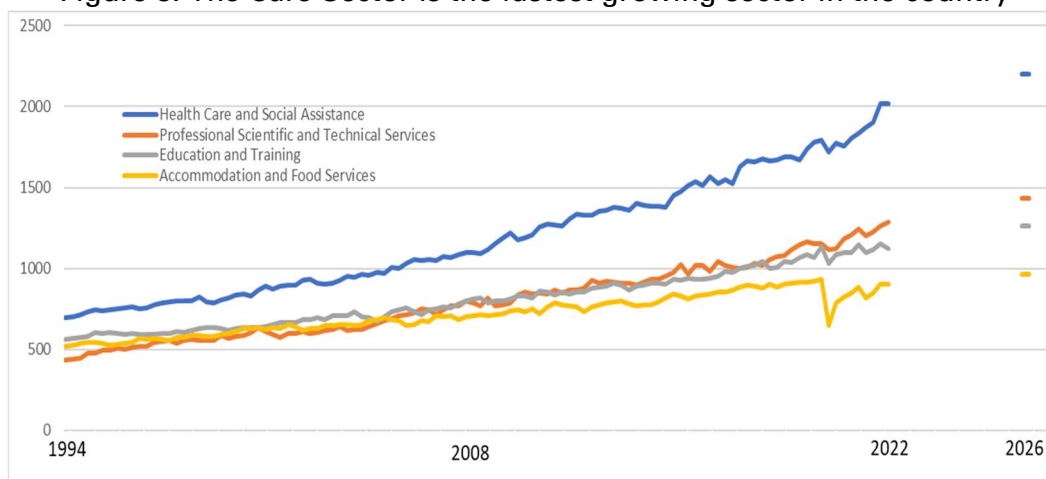
<sup>9</sup> National Skills Commission (2021)

<sup>10</sup> Productivity Commission (2017)

<sup>11</sup> Royal Commission into Family Violence (2016)



Figure 3: The Care Sector is the fastest growing sector in the country



Source: National Skills Commission (2021)

## But the Care Sector is facing significant challenges like skyrocketing demand

Significant increases in demand are forecast across many segments within the Care Sector.

Two of the largest components of the Care Sector are the National Disability Insurance Scheme and the aged care system. Both are expected to see dramatic increases in demand over the coming decade.

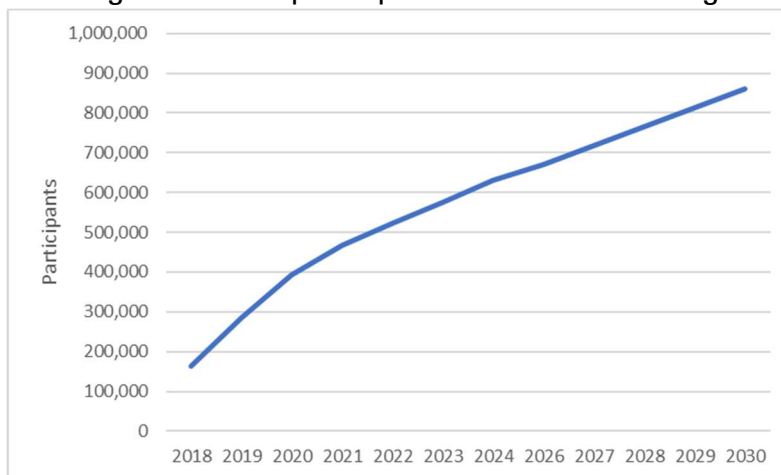
In 2021 there were about 470,000 people receiving funding for the NDIS. The Schemes 2020-21 Annual Financial Sustainability Report projects that number to increase to 670,000 by 2024-25 and 860,000 by 2029-30 (see Figure 4).<sup>12</sup> This forecast projects an almost 85 per cent increase in participation rates from 2020 to 2030.

Aged care demand is following a similar trajectory. Analysis undertaken by Deloitte Access Economics for the Aged Care Royal Commission estimated an increase from around 1 million recipients across all three service streams in 2018 to about 1.4 million in 2026 and almost 1.6 million in 2030 (see Figure 5).<sup>13</sup> This forecast projects an increase of over 30 per cent increase from 2020 to 2030.

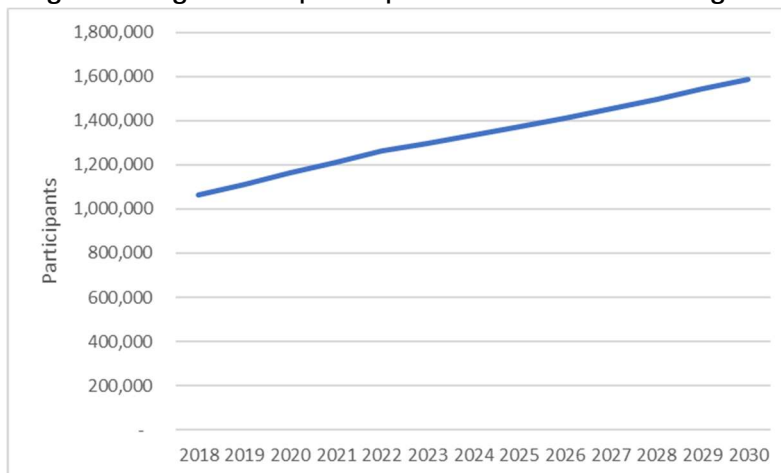
Between the NDIS and aged care these forecasts expect additional demand of around 900,000 care recipients in the decade from 2020.

<sup>12</sup> National Disability Insurance Agency (2021)

<sup>13</sup> Royal Commission into Aged Care Quality and Safety (2020)

**Figure 4: NDIS participant rates are increasing**

Source: National Disability Insurance Agency (2021)

**Figure 5: Aged care participant rates are increasing too**

Source: Royal Commission into Aged Care Quality and Safety (2020)

## Funding increases have not kept up with costs

The Care Sector receives revenues from a variety of sources including direct payments from care recipients and philanthropic giving. Government remains an important source of funding for the Care Sector in Australia.

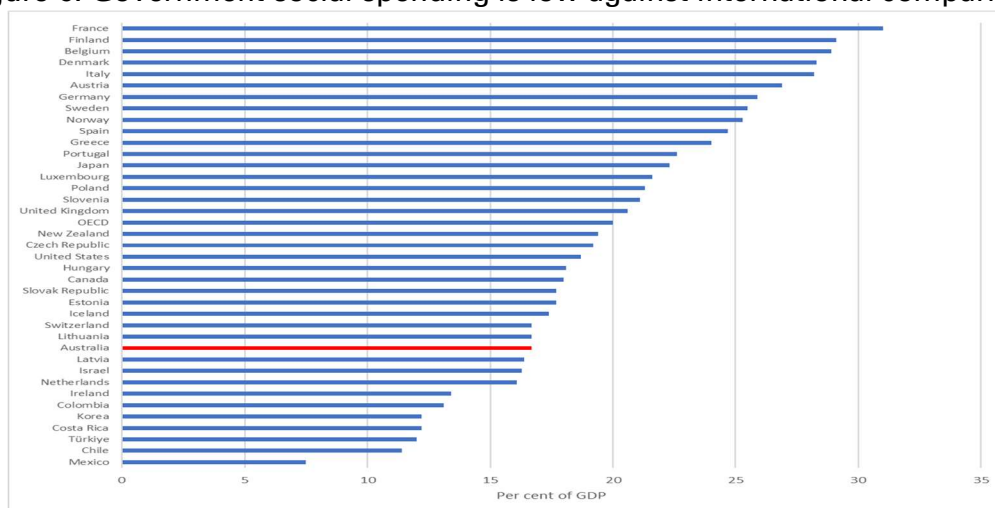
Across all levels of Government we spend 16.7 per cent of GDP on public social functions. This is less than 85 per cent of the OECD average, which sits at 20 per cent of GDP.<sup>14</sup> Only ten countries in the OECD have less public social spending than Australia (Mexico, Chile, Turkey, Costa Rica, Korea, Colombia, Ireland, Netherlands, Israel, and Latvia). 27 countries in

the OECD commit more public social spending as a share of GDP than Australia (see Figure 6).

Every industry within the Care Sector has a unique funding story to tell, indeed distinctions can be drawn at sub-sector level relating to program funding and market movement. In broad terms Australian Care Sector funding has failed to meet the increasing costs of wages and goods. Meaning that the capacity of the Care Sector to deliver services is shaven year on year.

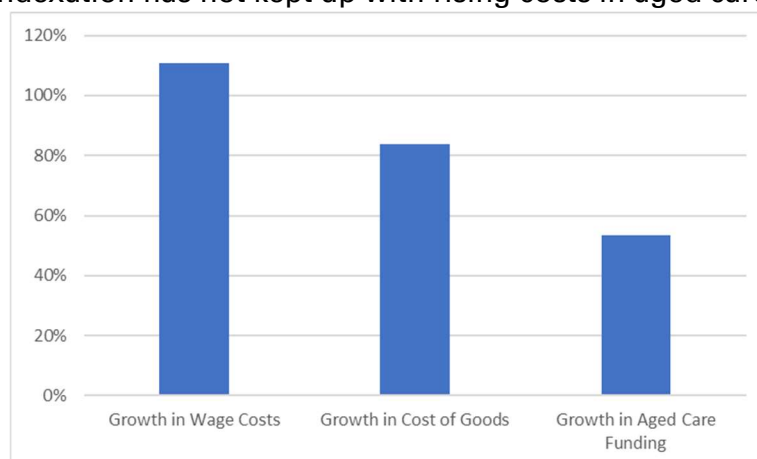
Insufficient indexation over time can bring about death by a thousand cuts. One example of this is the aged care sector. Since 1998 the cost of wages has risen by more than 110 per cent, the cost of goods has gone up by almost 85 per cent and funding has risen by just over 50 per cent (see Figure 7).<sup>15</sup>

Figure 6: Government social spending is low against international comparison.



Source: Organisation for Economic Co-operation and Development (2020)

Figure 7: Indexation has not kept up with rising costs in aged care since 1988



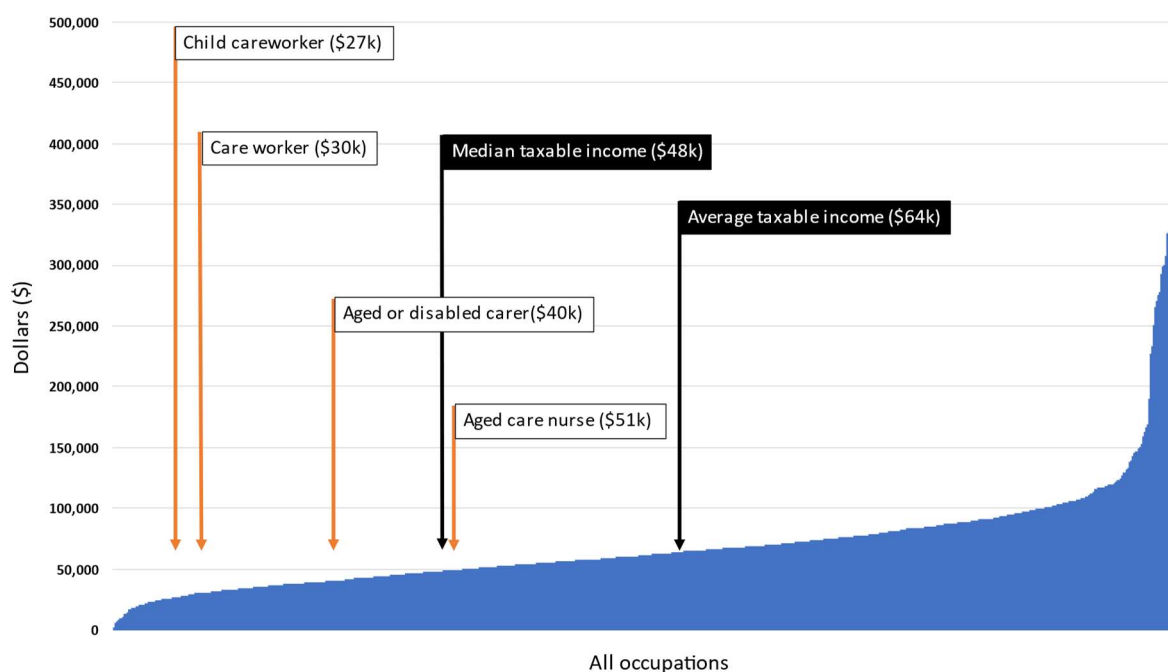
Source: StewartBrown (2022)

## Services suffer while working in the Care Sector becomes less attractive

The National Care and Support Workforce Strategy released earlier this year found that “Persistence of negative perceptions about working in care and support may drive an undervaluing of the workforce and be an ongoing barrier to attraction and retention”.<sup>16</sup>

In the year to July 2022, UnitingCare Australia’s network advertised for about 10,000 positions. This reflects approximately one job advertisement for every five employees in the network, a significant ratio given the vocational training required for employees.<sup>17</sup>

Figure 8: All occupations in Australia by median taxable income highlighting key Care Sector roles



Source: Australian Taxation Office (2022)

<sup>16</sup> Department of Employment and Workplace Relations (2022)

<sup>17</sup> UnitingCare Australia (2022)

## The settings in place are hurting women

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Our labour market is highly gender-segregated by industry and occupation. The proportion of women in traditionally female-dominated industries including the Care Sector has increased.<sup>18</sup>

The gender pay gap in Australia is currently 13.8 per cent, meaning women earn \$255.30 less than men every week or \$13,275.60 less than men every year.<sup>19</sup>

This latest data from the Workplace Gender Equality Agency states that the full-time total earnings gender pay gap, including overtime payments, is 16.4%. The gap widens to a staggering 30.6% if part-time workers are included, meaning women's average weekly total earnings are \$483.30 less per week than men.

Of the more than two million people working in the care sector, 42% are part time, as at May 2022.<sup>20</sup>

In a predominantly female workforce, it is clear that pay equity directly impacts gender equality.

KPMG modelling prepared with Diversity Council Australia and the Workplace Gender Equality Agency found that 20 cents in every GenderPay-Gap dollar is driven by industry gender segregation. This reflects \$51.06 per week and \$2,655.12 per year. Only direct gender discrimination had a more significant impact. Industrial segregation had equal significance with years not working due to interruptions (see Figure 9).<sup>21</sup>

This industry gender segregation compounds with other drivers of the Gender-Pay-Gap. It also compounds with the disproportionate share of informal care shouldered by women in Australia. Deloitte Access Economics estimates informal care replacement value at \$77.9 billion or \$15.2 billion in lost earnings in 2020.<sup>22</sup>

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<sup>18</sup> Workplace Gender Equality Agency (2019)

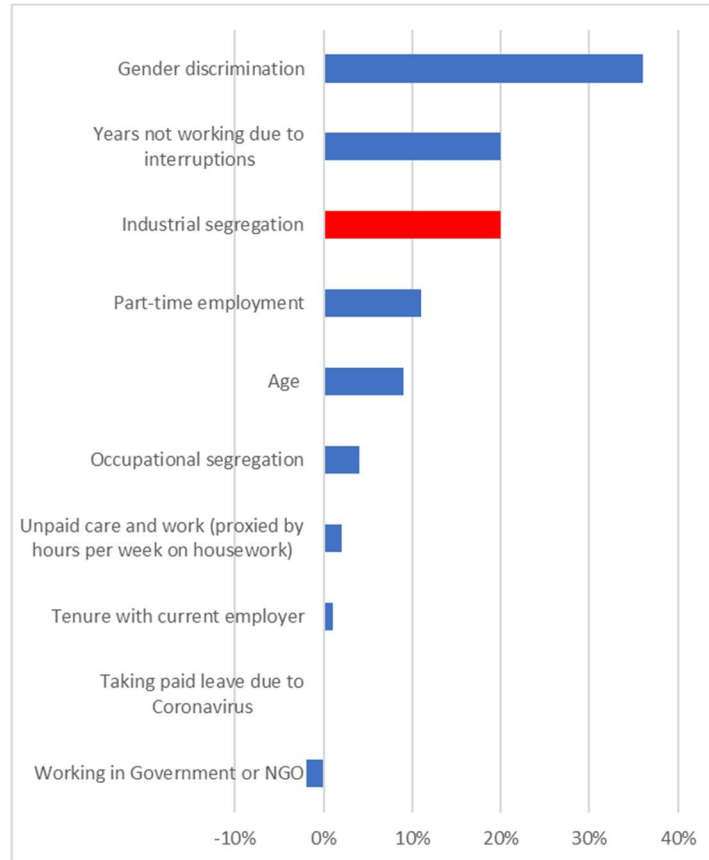
<sup>19</sup> Workplace Gender Equality Agency (2022)

<sup>20</sup> Australian Bureau of Statistics (2022)

<sup>21</sup> KPMG (2022)

<sup>22</sup> Deloitte (2020)

Figure 9: Gender segregation by industry is 20 per cent of the Gender-Pay-Gap



Source: KPMG (2022)

## Current rates of income support are acting as a barrier to employment while they increase demand on the care sector

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Recent research undertaken by UnitingCare Australia in partnership with ANU and related research undertaken by Uniting Vic.Tas on cost of living<sup>23</sup> and financial stress issues<sup>24</sup> has shown that unemployed Australians are living without sufficient resources to effectively seek employment.

Further, as people are pushed from social and economic participation due to low rates of income support, they are more likely to develop more complex needs and will have to rely on services including health, family support services, financial counselling, and housing services.

## Recommendations

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1. The Government should lead the community in changing the attitudes toward the care sector to one that appreciates it as important and a major opportunity if harnessed correctly.
2. The Government should lead a change of resourcing and conditions to ensure the care sector is a desirable place to work offering a desirable career path, including better remuneration and development opportunities.
3. Income support should be reconsidered to best enable support recipients to seek employment, including in the care sector.
4. The Government should review and reform strategies relating to entrenched unemployment among those living with disability to be as effective as possible.
5. Disability supports should be reconsidered to best enable support recipients to seek employment, including in the care sector.

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<sup>23</sup> UnitingCare Australia (2022a)

<sup>24</sup> Uniting Vic.Tas (2022)





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