

Australian Council of Social Service

30 September 2022

Senator Barbara Pocock
Chair
Select Committee on Work and Care
By email: workandcare.sen@aph.gov.au

ACOSS Submission to Inquiry on Work and Care

Dear Chair,

We thank you for the opportunity to contribute to this Inquiry. We have already provided verbal testimony to the Committee and have provided a range of supporting materials to the Secretariat.

Given the breadth of this Inquiry's Terms of Reference, in this submission ACOSS has chosen to focus on women's workforce participation and employment, as well as the structural challenges regarding the care economy as a majority-female workforce. The submission supplements our previous contributions to the Inquiry.

Given paid and unpaid care work still falls mainly to women, there are direct and significant consequences for women's employment opportunities, careers and incomes. Further, in female-dominated industries like community and care services, women face a range of challenges that impede their long-term economic security and career prospects.

In particular, current institutional settings designed to enable a 'choice' for people between caring responsibilities and paid work consistently disadvantage women, especially women from low-income backgrounds seeking access to decent, well-paid jobs, affordable care, and enough income to make ends meet throughout their lives.

Our recommendations in this submission focus on the following:

- providing better quality job opportunities for women on low incomes caring for children, as well as improving income support and employment services, and
- developing a robust care sector that can meet the varied and complex needs of the community while also offering an attractive and competitive sector for workers with promising career trajectories.

We develop these arguments in more detail below.

1. Women's workforce participation and employment

Women's incomes from paid work are impacted by the disproportionate role they play in caring for children. The difference between average male and female full-time earnings is currently 14%. We estimated this gap is 26% taking into account that around half of women in paid work are employed part-time account.¹

One in five women in paid employment works for less than 20 hours a week in their main job and 27% are employed for 20-35 hours a week. A total of 53% are employed full-time, compared with 81% for men. Part-time employment rates are higher among mothers with preschool and school-age children.

ACOSS research demonstrates that when women carry most of the unpaid care burden in a household and work less paid hours, it exacerbates income inequality in that household. Most families in the top 40% of households by income have two full-time wages. Most with paid work in the middle 20% have one full time and one part-time wage. Most in the second lowest 20% have one or less fulltime job, and most people in the lowest 20% are in families with no paid workers.²

If a sole-parent lacks paid employment then the family must rely on income support payments well below the poverty line. Over half of people on Newstart Allowance and Parenting Payment live in poverty.³

Workforce participation is markedly lower among women with less than Year 12 qualifications. A recent Curtin University study found that their workforce participation rate was 57% compared 83% for men without Year 12 qualifications.⁴

A number of factors conspire against paid workforce participation and good careers among women with lower incomes.

First among these is the insecurity and poor-quality of many entry-level jobs. In 2018, over 15% of people employed in community and personal services or sales occupations were under-employed and over 40% were employed on a casual basis. There are few career opportunities in these jobs.⁵

Secondly, these jobs are inadequately paid. A woman on the minimum wage would earn \$160 a day. If the family needs early childhood services the out-of-pocket costs mean that employment is barely worthwhile in many cases, especially if they

¹ ACOSS (2022), [Restoring full employment: Policies for the Jobs and Skills Summit](#).

² Davidson et al (2020), [Inequality in Australia 2020 – Who is affected and why?](#) ACOSS and UNSW Sydney.

³ Davidson et al (2020), [Poverty in Australia: Overview](#). ACOSS and UNSW Sydney.

⁴ Dockery et al (2022), [Bridging the Gap: Population, skills and labour market adjustment in WA](#), Bankwest Curtin Economics Centre.

⁵ ACOSS (2022) op cit.

are a sole parent or their partner is on a modest wage, and especially if they work beyond three days a week.⁶

While they do not improve the quality of jobs available to women with low qualifications or the level of income support for those out of paid work, employment services can make a difference to their employment opportunities.

In the past, programs such as Jobs Education and Training and Employment Preparation have helped many sole parents on income support to identify their best career and training opportunities and navigate childcare and other barriers to employment. Many pursued the higher education opportunities they missed when they were younger. For a modest outlay, those programs made a difference.

The equivalent programs today, Workforce Australia and Parents Next, offer little in terms of career guidance and education and training opportunities, and focus instead on enforcement of activity requirements unrelated to jobs and careers such as getting your preschool age child to attend playgroup or doctor's appointments.⁷

Recommendations

We must provide better quality and higher paying jobs as well as better job opportunities for women on low incomes caring for children. This requires:

- lifting those without paid work out of poverty, by increasing Jobseeker and related payments from \$43 to \$73 per day.
- moving away from the present compliance oriented, 'work first' system of employment services towards one that supports people to build work capacity and careers.
- replacing Parents Next with a high-quality career guidance and training program for parents with young children.
- sustaining full employment to improve job opportunities for those presently excluded from employment and to lift the quality and pay of entry-level jobs.

More detailed policy proposals are provided in our Budget submission.⁸

⁶ Stewart et al (2019), [If Governments Were Really Concerned About Tax and the Cost of Living They Would Cut the Cost of Childcare](#). Tax and Transfer Policy Institute. 16 May 2022.

⁷ ACOSS (2019), [Submission to Senate Community Affairs Committee Inquiry into Parents Next](#).

⁸ ACOSS (2022), [Budget Priorities Statement](#).

2. Challenges and opportunities in the care economy

The care economy employs about two million people and will continue to be one of the largest new job creators in the future, given the ongoing, increased need for services. According to the National Skills Commission, the two occupations projected to have the highest employment growth rate to 2025 are 'aged and disabled carers' and 'registered nurses'. Demand for these two roles together is expected to grow by 40% over this timeframe.⁹ In the last year to May 2022, the healthcare and social assistance workforce grew by almost ten per cent (9.7%).¹⁰

Three-quarters of people working in care services are women.¹¹ Their work is demanding, complex as well as physically and emotionally exhausting. Caring is emotional labour. Workers typically invest part of themselves in the job and their relationships with service users. The pandemic imposed additional pressures on care services and their workers, through personal illness, staff absences, a higher burden of illness and anxiety among service users, and the extra work associated with protective measures.

In terms of improving workforce participation, creating quality jobs and maintaining a high quality of life for everyone in this country through suitable care, the care economy is one of Australia's most important and promising industries. Strengthening the care economy will also improve the gender pay and work gap that plagues Australia's labour market workforce generally.

However, for at least a decade, care services has grappled with chronic under-investment by different levels of government. This includes:

- funding uncertainty from one year to the next;
- inconsistent, inadequate and opaque indexation levels;
- funding that fails to cover the complete cost of service delivery, which includes management, administrative costs, workforce development and other overheads;
- organisations relying on multiple funding programs, each with its own set of processes and reporting requirements.

The Australian Community Sector Survey (ACSS) is a longstanding research process aimed at capturing the experiences of those working in community services, and managing community organisations.

⁹ National Skills Commission, '[Nursing, aged care and tech top future jobs growth](#)', January 20 2022.

¹⁰ National Skills Commission, '[Labour Market Insights, Health Care and Social Assistance](#)'.

¹¹ National Skills Commission, '[Labour Market Insights, Health Care and Social Assistance](#)'.

The 2021 findings demonstrate the direct impact of under-investment in care services:¹²

- Only one in five respondents (20%) agreed that funding covers the full costs of service delivery, with three quarters (76%) disagreeing.
- Only 14% agreed that funding properly recognises their overheads, and 78% disagreed.
- Only 17% agreed that their main funding source recognises increasing wage costs, and 74% disagreed.
- Only 14% agreed that indexation arrangements are adequate while two thirds (65%) disagreed.
- Only 19% agreed with the statement “Funding enables us to attract and retain high quality staff”.

Further, in care sectors where markets operate and funding is strictly tied to episodes of care such as childcare and NDIS, service providers, especially smaller organisations, lack the capacity to prepare for and invest in the quality of future services, including effective recruitment, supervision and training of their workforce.

The systemic problems with the funding of care services frequently translates into poor quality and low wage care jobs. Too many care workers are underpaid, over-stretched, under-valued and lack security of employment or sufficient paid hours and security of employment in their main job. This in turn contributes to high staff turnover and an undermining of service standards.

Similarly, the ‘gig economy’ model of employment is another major barrier to quality jobs and care, especially in home care and NDIS settings. Too many care workers in those sectors must manage a number of separate jobs, in which they are paid by a provider or by service users directly, which may leave them with too much work in one week and too little in the next. Even when employed by a single employer, they may not be guaranteed regular hours of paid work. Many leave the sector for this reason.

Recommendations

We need to develop a robust care sector that can meet the varied and complex needs of the community while also offering an attractive and competitive sector for workers with promising career trajectories.

¹² ACOSS (2022), [Carrying the Costs of the Crisis](#).

Firstly, jobs in the care economy should be well remunerated, secure and underpinned by accredited training and appropriate staffing levels. Workplace relations system should actively support sustained real wage growth. Creating better quality jobs in care services requires:

- lifting pay and improving job security through workplace relations reforms, including work value test cases and better regulation of working hours and rosters;
- removing inequitable and counter-productive pay anomalies between workers providing different forms of care (for example, aged care Vs NDIS);
- developing standards for accredited training and staffing levels to underpin good quality care in each sector, in consultation with service users, providers and unions;
- investing in sector-specific skills and training that takes account of the circulation of care workers between different types of services (e.g. aged care, hospitals and NDIS);
- funding services (including the infrastructure required to recruit and train people properly and run HR systems that offer people decent, safe work and regular secure hours) rather than simply episodes of care;
- government support for work value 'test cases' in care services including commitments to fully fund the resulting pay increases and ensure that the funds are used for that purpose; and
- promoting a shift from precarious 'gig economy' forms of employment towards jobs that offer decent pay and adequate, regular paid working hours suited to individual circumstances.

Secondly, government should be scaling up its investment in care services according to community need. It should be benchmarking funding levels to the actual costs of providing quality care to meet what the population requires. This requires:

- funding tied to the actual costs of quality services.
- ensuring fair, transparent and consistent indexation. As an interim step, review all Commonwealth community sector funding agreements to ensure that funding

is increased with indexation of at least 5.5% from 1 July 2022 for the current financial year.

- creating a Community Sector Enabling Fund as a first step to build back sectoral capability after years of disruption and disaster. It should target community organisations that see increases in demand not met by new and existing funding, who can demonstrate that their income has declined because of COVID-19 and other recent disasters.
- undertaking a comprehensive service needs analysis and demand mapping exercise, conducted in partnership with the community sector and communities to inform funding arrangements.
- benchmarking funding levels to the actual costs of providing quality care (including adequate staffing levels and hours of care) to meet population need backed by independent monitoring of the expenditure of public funds for that purpose and of the quality of services (including regular feedback from users and their families).
- working with the community sector to forge workforce development plans to overcome labour and skills shortages.
- supporting services to develop their core capacities (including the skills of their workforce) rather than merely funding 'episodes of care'.
- reducing reliance on for-profit service providers in favour of community-based services.

ACOSS wishes the Inquiry well in its work and would welcome the opportunity to continue discussing these important policy issues. We have included at the

Attachment the list of relevant materials (previously provided) that support our above positions.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Edwina MacDonald'.

Edwina MacDonald

**Acting Chief Executive Officer
Australia Council of Social Service**

Attachment: Supporting sources

1. ACOSS (2022), Jobs and Skills Summit Policy Paper. https://www.acoss.org.au/wp-content/uploads/2022/08/ACOSS_Restoring-full-employment_Policies-for-the-Jobs-and-Skills-Summit_2022.pdf
2. ACOSS (2022), Budget Priorities Statement. <https://www.acoss.org.au/wp-content/uploads/2022/02/ACOSS-BPS-2022-23-FINAL-220228.pdf>
3. Davidson et al (2022), COVID, Inequality and Poverty. ACOSS-UNSW Sydney. https://povertyandinequality.acoss.org.au/wp-content/uploads/2022/03/Build-back-fairer-report-3_FINAL.pdf
4. Davidson et al (2020), Inequality in Australia, who is affected and why? ACOSS-UNSW Sydney https://povertyandinequality.acoss.org.au/wp-content/uploads/2020/12/Inequality-in-Australia-2020-Part-2-Who-is-affected-and-why_FINAL.pdf
5. ACOSS (2019), Submission to Senate Community Affairs Committee Inquiry into Parents Next https://www.acoss.org.au/wp-content/uploads/2019/02/ACOSS-submission-into-Parents-Next_FINAL.pdf
6. ACOSS (2022), Why lifting Income support will help women. <https://www.acoss.org.au/wp-content/uploads/2022/09/220426-Why-lifting-income-support-will-help-women.pdf>
7. ACOSS (2022), Minimum Wage Submission <https://www.acoss.org.au/wp-content/uploads/2022/09/acoss-minwage-submission2022.pdf>
8. ACOSS and ACTU (2022), An Agreement Between the ACTU and ACOSS, Australian Jobs Summit, <https://www.acoss.org.au/wp-content/uploads/2022/09/ACTU-ACOSS-agreement.pdf>
9. ACOSS (2022), Results from Australian Community Sector Survey, <https://www.acoss.org.au/australias-community-sector-survey-2022/>
10. ACOSS (2021), Valuing Australia's Community Sector, <https://bit.ly/2Sit2QJ>
11. ACOSS and CHOICE (2018), Competition Policy and Human Services: Where Theory Meets Practice, <https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS-Choice-Final-Report.pdf>