

Employment White Paper Consultation

Response to Treasury
November 2022

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Consultation Topics: care economy, fair pay, job security, pay equity, equal opportunities for women, labour force participation, improving labour market outcomes, collaborative partnerships.

Introduction

For more than 200 years, The Benevolent Society has supported people at the margins of Australian society: children, young people, and their families; First Nations Australians; older people; carers and people with disability.

Fundamental to our work at The Benevolent Society is the understanding that all Australians contribute to the richness of our communities. We recognise the worth, potential and inherent dignity of every person; and the power of diversity when operating in a complex environment. In the last financial year, we supported over 150,000 individuals across Australia – through our staff and volunteers, we provided integrated support services throughout metropolitan, regional and rural New South Wales, Queensland and South Australia.

At The Benevolent Society, we use our practice wisdom to mobilise social movements to advocate for people in need and to create social change. Our past campaigning was integral to the introduction of the aged pension. We continue to advocate for the interests of children, young people, and their families, First Nations Australians, older people, carers and people with disability every day. Our services speak to and inform our social change work, and at the same time, our social change activities shape and respond to the wider world in which we operate.

The Benevolent Society brings a system leadership mindset to all that we do. We understand that no one sector or organisation controls all the levers necessary to deliver choice, control, and quality of life opportunities to the people who access human services or to deliver social change. Complexity demands collaboration: we are better together. Our experience tells us that collaboration between individuals and organisations produces the best outcomes for vulnerable Australians, especially when collaborations are grounded in the resources and knowledge of local communities. At The Benevolent Society, we understand that greater impact is possible when communities and stakeholders work together for change.

Executive Summary

The Benevolent Society advocates for opportunities and solutions for all Australians. The Jobs and Skills Summit 2022 was an important first step in moving towards more constructive, cross-sectoral and purposeful collaborations between government and stakeholders from the sector including charities, philanthropists and supporters. The next step is ensuring this *Employment White Paper* re-focuses and prioritises resources towards those in society who are increasingly at the greatest risk of being left behind.

At The Benevolent Society, we are focused on the **care economy**, both in the interests of marginalised Australians, and as an employer/service provider organisation. The care economy is the fastest growing sector of the Australian economy and work in the care economy is changing. Health, education, and welfare systems are overburdened and under resourced to meet increasing demand. Federal and State government policy and program settings for social services will continue to be compelled to evolve to meet these increasing challenges. The need for effective partnerships in building social change is as great as ever in Australian communities where the gap between the most and the least well off continues to widen. Our commitment at The Benevolent Society is to be a trusted partner to sector stakeholders and governments at all levels, working to make positive, proactive change in the policies and programs that affect the lives of our clients and their communities. We strive to harness the opportunity to work together on building a shared vision and action to alleviate disadvantage and exclusion in the Australian community.

Like many organisations we are facing challenges finding employees within the current labour market. While unemployment is at its lowest level in almost 50 years, full employment doesn't always mean good employment. Too many people are struggling to find secure and well -paid employment – particularly groups that already face marginalisation.

As a blueprint for meeting the challenges of the care economy, the *Employment White Paper* must look to address the shortage in labour both now and into the future. Strategies to improve the supply, skills, resourcing and funding arrangements of the workforce as well as a longer-term term decadal approach to sustainably create a more mature care economy are needed.

Recommendations

When shaping the *Employment White Paper*, The Benevolent Society encourages Treasury to:

(1) Invest in human services leadership capability and excellence via a School for Civil Society

The development of a leadership school for civil society would build the capability of social sector leaders to work collaboratively to develop innovative and cost-effective business models that address social needs and meet contemporary workforce challenges.

(2) Develop a responsive and flexible workforce pipeline by:

- a. driving fairer pay and job security for care economy workers – 85 per cent of care workers are women who often face structural challenges excluding them from secure, full-time work;
- b. recognising that care economy work increasingly requires tertiary qualifications, creating pay parity and competitiveness across the care economy;
- c. resourcing human service providers that train the workforce through in-house and on the job training, complementing the VET and university systems.

(3) Commit to funding that supports quality and drives innovation through:

- a. ensuring funding can meet the actual costs of quality services including reliable, ongoing and adequate indexation – to promote a sector responsive to community needs and able to provide quality services, especially for people who are economically or socially vulnerable;
- b. prioritising innovative service and funding models for regional and rural areas, so that support is readily available for clients and care work is financially viable for workers and providers.

Sustainably developing a mature care economy that works for everyone

Australia has well-developed systems of health, education, and welfare provision. However, not everybody who needs to, benefits sufficiently from these support systems. The early years of a child's life have a profound impact on their future health, development, learning and wellbeing¹. Children who start behind, stay behind. Additionally, the Royal Commissions into aged care and disability have shown too many people fall through the cracks of systems that are overworked, underfunded, and overdue for structural reform. All of this comes at enormous cost to individuals, the community, and governments. The systems that underpin the care economy are not fit for purpose – collaborative systemic reform is needed to ensure adequate and appropriate services and supports for all who need them, when they need them.

Genuine partnerships between government and non-government sectors will be necessary if we are to reimagine the care economy. Building a mature care economy will require leadership around opportunities for coordinated service delivery, information sharing, funding to support innovation and flexibility, and the right people and organisations with a seat at the decision-making table. Human services sector leadership increasingly requires strategic capability, data and metrics literacy and systems leadership vision. The development of a School for Civil Society along the lines of the ANZSOG model would go a long way towards meeting this need.

For those delivering services in the care economy

Too often those working in the care economy are stuck in precarious employment – insecure, poorly paid and undervalued². Experience during Covid restrictions in 2020 and 2021 showed the risks involved in low paid care economy workers working across multiple locations. The right jobs provide financial independence for individuals. Fair pay and job security also strengthen communities and contribute overall to prosperity. Healthcare and social assistance are currently Australia's biggest employing industry³. Improving the conditions for workers in these areas will be crucial to the success of Australia's future skills and labour market.

Women make up 85 per cent of the care economy, with workers in these sectors paid on average 33 per cent less than those in other sectors⁴ - so improvements here would have enormous impacts for women in the workforce. However, this will require government taking a leadership role. Sectors such as community services and aged care are largely financed by government, meaning that to sustainably improve salaries and working conditions, governments will face additional cost to their budgets⁵ that could be met incrementally over the medium term.

For those receiving services from the care economy

Supports delivered through the care economy can be life changing for recipients, breaking cycles of poverty and leading to changed life trajectories for individuals and their families. However, today, services are struggling to meet the needs of a structurally ageing population, NDIS supports, and early childhood education and care. The increase in service demand, combined with fragmented service design and limited resources, results in a lack of flexibility and responsiveness. Shifting to a mature care economy would mean changing the way services are resourced – to support that is based on outcomes, life improvements and quality of life.

The Benevolent Society has found additional challenges arise for those seeking support when services are delivered across multiple settings with poorly resourced linkages between them. It would be preferable for services to be funded in a way that encourages innovation, rather than operating in structures that act as blockers. For example, young people with disability transitioning from out-of-home-care to independent living must navigate multiple systems. Systemic change to facilitate the development of more overt and easily navigated linkages would help to smooth the operation of the care economy.

¹ Council of Australian Governments (2009). *Investing in the early years—a national early childhood development strategy : an initiative of the Council of Australian Governments*. Council of Australian Governments

² Australian Council of Trade Unions (2022). *Delivering equity for women at work*. ACTU Jobs Summit series. Paper 4. ACTU

³ Australian Government (2022). *Labour Market Insights : Healthcare and Social Assistance* <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=Q>

⁴ The Australian Government the Treasury (2022). *Jobs + Skills Summit : Issues paper*. Commonwealth of Australia

⁵ Keating (2022). *Many jobs summit ideas for wages don't make sense – upskilling does*. <https://theconversation.com/many-jobs-summit-ideas-for-wages-dont-make-sense-upskilling-does-189114>

Strategies for a bigger, better trained and more productive care economy workforce

The Benevolent Society has functioned 20 per cent below workforce capacity for over 18 months. Over the last 20 years Australia has seen a doubling of employment in the care economy⁶. With this growth predicted to continue, these shortages will only worsen. The result is a gap in the ability to proactively respond to needs in the communities we operate in. Pressure on services can result in families falling through the cracks and early intervention being jeopardised due to caseloads and funding limits.

There are significant barriers to employment for groups such as First Nations people, women, older people, people with disability, and those living in regional and remote areas that already face marginalisation, exacerbated by unemployment being historically low⁷. It is crucial that removing the structural barriers to employment are priority considerations across all parts of the *Employment White Paper*.

Creating a bigger workforce

The care economy is experiencing critical labour shortages with a projected deficit of 286,000 workers by 2050⁸, and The Benevolent Society is sharing in this shortfall. We will not be able to facilitate a bigger care economy without solving the consistent issue around the recruitment and retention of staff - especially in rural areas. Too often the story is one of specialist under-supply in some areas and oversupply in others⁹. One solution could be redistributing the health workforce from metropolitan regions to rural and remote regions to fill some shortages. However, an overarching problem remains with housing in regional and rural Australia. The contributions of climate change to persistent extreme weather conditions in rural, regional and remote Australia and the resulting pressures on affordable housing supply will continue to challenge the development of adequate care economy workforce in these areas.

Increased migration will also be necessary to meet needs for medium and high skill workers in the care sector. A strategic approach to migration intake could, for example, enable human service providers to attract and employ partners of high skill migrants, building their skills and giving them an opportunity to contribute to – and feel valued by – their new communities. Additionally, there are many adequately skilled people in Australia on temporary or student visas who could work, but are prevented from doing so due to visa restrictions¹⁰. Policies aimed at reducing these barriers to participation could help to fill workforce gaps in areas where more formal qualifications are not required. Finally, recruitment of mid to late-career professionals from overseas could produce a beneficial multiplier effect if they could be attracted to take on supervisory or mentoring roles with less experienced workers.

Developing a better trained workforce

The availability of an appropriately skilled workforce to meet client needs is crucial to the care economy. The need for training and support for specialised services is ongoing and growing. Human services providers already train their workforce and the benefits of this training could be extended if government recognised and resourced it as complementary to the VET and university systems. Service providers currently deliver this training out of thin margins, which limits training volumes. Resourced properly, this would be an effective way to rapidly expand the care workforce, addressing shortages at the lower skills levels of the care economy. In addition, the care economy would benefit from substantial investments in vocational training and foundation education that is accessible for people on low incomes who too often encounter structural barriers to employment.

⁶ Australian Government (2022). *Labour Market Insights : Healthcare and Social Assistance* <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=Q>

⁷ The Australian Government and the Treasury (2022). *Jobs + Skills Summit : Issues paper*. Commonwealth of Australia

⁸ Workforce Australia (2022). *National Care and Support Workforce Strategy*. Department of Education, Skills and Employment

⁹ Battye, K., Roufeil, L., Edwards, M., Hardaker, L., Janssen, T., Wilkins, R. (2019). *Strategies for increasing allied health recruitment and retention in Australia: A Rapid Review*. Services for Australian Rural and Remote Allied Health (SARRAH).

¹⁰ Multicultural Youth Advocacy Network (2022) *Job Summit must lead to improved employment outcomes & security for young people in Australia*. [Media Release] <https://myan.org.au/newsletter/jobs-summit-must-lead-to-improved-employment-outcomes-and-security-for-young-people-copy-01/>

Driving productivity in the care economy

Too many care workers lack secure work arrangements. While flexibility is welcome, it also contributes to significant concerns about job security and wages. Workers in the care sector are paid 33 per cent less, on average, than workers in other sectors¹¹. Productivity will not improve unless jobs in the care sector are attractive and rewarding. To create an adaptable and dynamic care workforce, government must adequately fund the care economy. This would mean meeting the actual costs of quality services, plus reliable, ongoing and adequate indexation.

Focus on service provision challenges: regional and rural communities

In The Benevolent Society's experience, the challenges of service provision are amplified in regional and rural communities. The biggest barrier for support in these communities lies in availability and consistency of services.

For example, in disability services – the NDIS is built upon the underlying rationale that people with disability will be able to exercise choice and control to access the most appropriate supports and services. If providers aren't able to deliver services in regional and rural areas, people with disability not only have limited choice, often there are no services for them to access. Multiple factors contribute to this problem, including difficulty in attracting specialist medical professionals to regional and rural areas and the financial viability of providing services in these areas. Where services exist, they tend to focus on the larger regional centres, and given huge demand, services tend to fill up quickly, leaving little or no availability of services for people who live in outlying areas.

¹¹ McMurtrie, F., Hatzantonis, Z., Zhang, B., Jones, B., Chia, K., Westhorpe, C., Dillon, K. (2022). *The halo effect: Reimagining Australia's care workforce to help solve the broader skills shortage*. PwC <https://www.pwc.com.au/health/reimagining-australias-care-workforce.html>