

Senate Estimates — Aged Care Employment Study

Report background

- The Royal Commission into Aged Care Quality and Safety recommended that approved aged care providers be required to preference direct employment of workers engaged to provide personal care and nursing services (recommendation 87). In responding to the Royal Commission's final report in 2021, the previous Government determined that this recommendation required further examination.

Report findings and recommendation (key points attached)

- A policy to preference direct employment would risk exacerbating workforce shortages in aged care. Agency workers are used in residential aged care to fill gaps or short-term vacancies.
- Aged care consumers benefit from being able to access independent contractors, often hired over online platforms. Consumers value the choice and control they get from managing their own care, which can be important to cater to diverse needs.
- Workers choose independent contracting as they value the flexibility, autonomy and potentially higher pay.
- The PC recommended that there should not be a policy to preference direct employment. To promote quality and safety in aged care, the Government should expedite the broad reform agenda, including the development of quality standards and indicators for home care.

Consultation and engagement

- The Study received 50 submissions and 37 brief comments. Consultations were held with representatives from Australian Government agencies, businesses operating in the aged care sector and their peak bodies, unions, industry groups, consumer and community groups, and academics and researchers.
 - Unions we met with: Australian Nursing and Midwifery Federation; Australian Services Union; Health Services Union; United Workers Union; and the Queensland Nurses and Midwives' Union.

Stakeholder reactions

- Health Services Union National Secretary, Lloyd Williams, said using independent contractors would lead to a 'dangerous decline in standards for both the worker and care recipient'.
- The Aged and Community Care Providers Association agreed with the PC's observation that providers already tend to preference direct employment.
- Peter Scutt, CEO of Mable, welcomed the report's findings.

Government response

- In the October Budget, the Government said it would 'improve continuity of care by requiring aged care providers to preference direct employment for their staff'.

Key points

- * **It is widely recognised that there are major problems in the quality of aged care, especially in residential aged care. There are many reasons for this, but there is little persuasive evidence that a policy to preference direct employment would improve outcomes. It could indeed worsen outcomes.**
- * **Direct employment is already by far the most common mode of employment in the aged care sector.**
 - Agency workers and independent contractors account for less than 4 per cent of the care workforce (personal care workers, nurses and allied health workers).
 - The scope for any gains from a policy to preference direct employment therefore needs to be kept in perspective.
- * **In the context of the chronic staff shortages facing the sector, a policy to restrict agency work is not a realistic option.**
 - Where agency workers are used by approved providers of residential and home care, it is typically as a last resort for filling short-term staffing gaps or vacancies that cannot be filled otherwise, particularly in remote areas where workforce pressures are most acute.
 - Independent contractors in residential care are used mainly for accessing specialist skills.
- * **The use of independent contractors in home care — often through digital care platforms that connect workers directly with consumers — is growing from a very small base as more older Australians express a preference to self-manage their government-funded care package.**
 - This attests to the benefits derived by individual consumers (and their families) and individual workers who are choosing this form of work over more traditional employment.
- * **Many older Australians highly value the choice and agency that this model provides, as well as the bespoke nature of the service offerings from platforms that cater for diverse needs.**
 - In many cases this is allowing them to fulfil an aspiration to stay in their own home for as long as possible.
- * **Equally, many platform workers highly value the flexibility, autonomy and the potential for higher pay associated with independent contracting — all of which add to their job satisfaction and help keep them in the sector.**
- * **Given these benefits, there is a role for platforms as part of the solution for the future of work in aged care.**
 - This model works particularly well for the delivery of lower-risk care services to older Australians who have the requisite abilities and support to exercise choice and control over their care.
- * **Instead of focusing on employment models per se, the Government should expedite the suite of reforms to increase safety and quality that are currently planned or underway.**
 - These are likely to be more effective at managing the risks inherent in the delivery of aged care services, irrespective of employment models.
- * **Issues that go beyond aged care, such as the protection of workers in the gig economy, are best addressed through an economy-wide lens.**