



Australian Government
Department of the Prime Minister and Cabinet

Draft National Care and Support Economy Strategy 2023

Care and Support Economy Taskforce



PM
&C



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Summary

The care and support economy—the provision of paid care and support—is one of the fastest growing parts of the Australian economy. There is enormous projected demand for care and support services across aged care, disability support, veterans’ care and early childhood education and care (ECEC) sectors.

Australian Government spending in these sectors is projected to rise from around \$60bn in 2021-22 to more than \$110bn by 2026-27.¹ But there’s a challenge. Each of these sectors faces workforce shortages and other challenges that jeopardise access to these essential services.

Funding high-quality care and support provision is an investment in social infrastructure. It provides long-term benefits that go well beyond direct users of these paid services. Care and support services enable people with care and support needs (and their families and carers) to participate in the workforce and society.

The care and support economy has a two-fold impact on women’s economic equality – women make up the majority of workers in these sectors, and are more likely to provide unpaid care when formal services are not available.

In recent years, reform of the care and support system has largely been reactive, driven by crisis and Royal Commissions. A more proactive approach will provide a better quality of life for Australians. It will also provide broad social benefits and drive economic prosperity by ensuring the sector provides high quality care, delivered by workers with decent jobs, and by unlocking productivity growth.

This **Strategy** is the start of a conversation about Australians’ vision for our care and support system. It complements the substantial work already being undertaken in each of the aged care, disability support, veterans’ care and ECEC sectors, by developing whole-of-system solutions.²

Harnessing opportunities in the care and support economy will require a long-term program of work. A **Roadmap (page 4)** indicates the key pieces of work needed to reach the objectives outlined in these pages. The Roadmap is a live document that will be updated to reflect achievements and emerging priorities.

Sitting underneath this Strategy will be a series of **Action Plans** which will outline practical steps towards achieving the Strategy’s objectives. Action Plans will be released iteratively, in collaboration with state and territory governments where appropriate.

¹ PM&C analysis of Budget papers

²When these sectors are referred to as a whole, they are referred to as a system of care and support.

Vision

- The Government's vision is for **a sustainable and productive care and support economy that delivers quality care and support with decent jobs.**
- Three high level goals will help achieve this vision.

Goal 1: Quality care and support

The people receiving care and support services are the central focus of care and support systems, and the priority is that they receive quality care and support. Iterative reforms have progressed Australia towards a more person-centred care and support system, delivered by an increasingly professionalised workforce. However, concerns about quality and safeguards remain. Systems can be hard to navigate, people can struggle to access the services they need and there are not enough capable and skilled workers.

Carers play a vital role in supporting the needs of people with a disability, medical condition (including terminal or chronic illness), mental illness or a person who is frail due to ageing. Quality care and support services support carers' wellbeing and sustain them in their caring role.

Goal 2: Decent jobs

In care and support services, the quality of care and support depends on the quality of jobs. There is high turnover across the system because the jobs have low pay and recognition, limited career progression, high workloads and, at times, unsafe work conditions. They are often characterised by insecure work. Understaffing, inadequate training and high workloads can lead to poor quality services. To meet the demand for care and support workers in the future, we must retain and attract workers by making these decent jobs with career prospects.

Goal 3: Productive and sustainable

Our care and support systems are complex. While each sector has evolved separately they are also interdependent. Services are provided through market-based models in each sector. However, as the majority funder, program designer and regulator, Government has a lot of influence on these markets. Examining this economy as a system of care and support provides opportunities to do things better and to find ways to drive productivity gains. Although productivity will look different across each of the care and support sectors, there are opportunities to foster innovation and provide better outcomes through use of technology, better regulation and market design.

As we work towards these goals, and the vision they underpin, we do so in a context where Government budgets are under strain. Financing the care and support economy in a sustainable way presents a significant challenge. It is important that the Australian community has a conversation about how we value care and support, and how we will fund it, to make sure Australians can continue to receive the quality services they need.

Objectives

Each objective contributes to the overall vision of a **sustainable and productive care and support economy that delivers quality care and support with decent jobs.**

Goal 1: Quality care and support

- 1.1 People have access to the care and support they need
- 1.2 The workforce has the right skills and training to deliver quality care and support
- 1.3 Workforce supply meets demand
- 1.4 Services are culturally and psychologically safe for all people
- 1.5 People are able to easily navigate systems, assess service quality and access care and support
- 1.6 The contribution of informal carers is valued, and they are supported to sustain their caring roles

Goal 2: Decent jobs

- 2.1 Pay and conditions reflect the value of care and support work
- 2.2 Work is organised and jobs are designed in a way that promotes good job quality and worker satisfaction
- 2.3 Jobs are professionalised and there are pathways for skilling and career progression
- 2.4 Workplaces are safe and healthy, and psychological and physical risks are eliminated or, if this is not possible, minimised
- 2.5 Improved leadership and management capability across the care and support economy
- 2.6 Workplaces are inclusive of diverse cultures, genders, ages and abilities and are culturally safe for all workers, including First Nations workers

Goal 3: Productive and sustainable

- 3.1 Government investment and expenditure in the care and support economy is effective and sustainable, with fair and reasonable consumer contributions where appropriate
- 3.2 Regulation is simplified and made more efficient to comply with, without compromising quality and safeguards
- 3.3 Funding models support market sustainability, job quality for workers, and quality care and support, including consumer choice and control
- 3.4 Innovation is shared, adopted and adapted across the care and support sectors
- 3.5 Opportunities in data and digital are harnessed to enable quality care and support, decent jobs and productivity growth

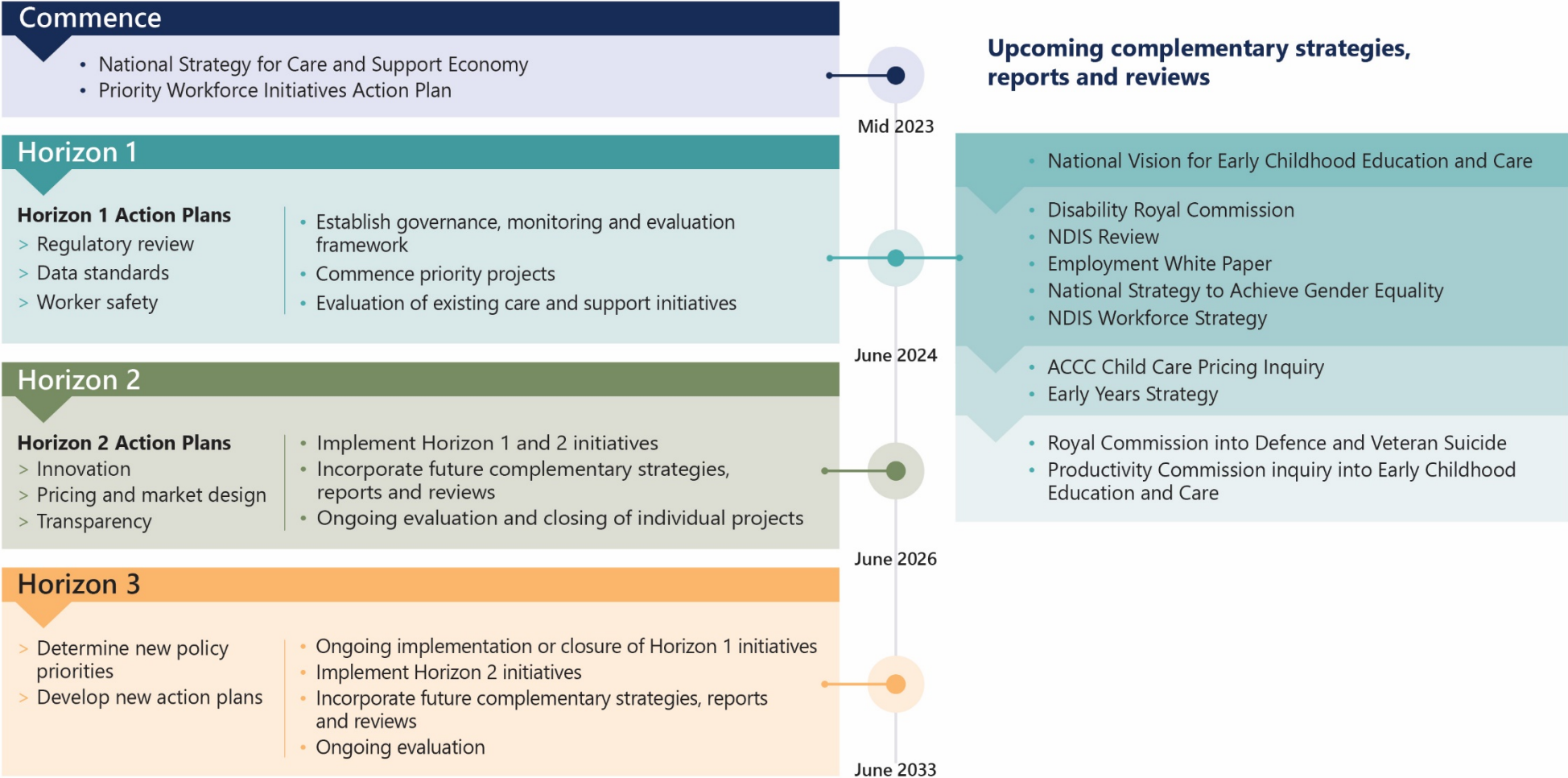
Roadmap – The National Care and Support Economy Strategy 2023

A sustainable and productive care and support economy that delivers quality care and support with decent jobs

Goals

<p>Quality care and support Person-centred services that recognise those accessing care and support as individuals and deliver quality outcomes</p>	<p>Decent jobs Secure, safe jobs with decent wages, conditions and opportunities for career progression</p>	<p>Productive and sustainable A care and support economy that has functioning markets, sustainable funding and generates productivity gains</p>
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Strategy delivery



Introduction: Care and support in Australia

Care and support are activities that develop and maintain people’s capabilities, independence or quality of life. Across a person’s lifetime, these activities may span many areas, such as health, education or social care.

The care and support economy—the provision of paid care and support—is one of Australia’s fastest expanding economic sectors. Responsibility across these sectors is divided between the Australian Government and state and territory governments.

Figure 1. The broad care and support economy



While there are many services connected to care and support, this Strategy focuses on aged care, disability support, veteran’s care and ECEC.³

These sectors are connected by a range of similarities.

- Labour in these sectors is split between unpaid and paid care and support. Before the emergence of a formalised, paid market, the care and support provided to children, people with

³ From here on, the term care and support economy is intended to refer to these four sectors.

disability or people frail due to old age was done informally within households, primarily by women.

- These segments of the care and support economy are projected to experience significant growth in demand in the coming years. This is due to demographic changes that include our ageing population and the increase in women’s workforce participation.
- They share similar workforce demographics, with a predominantly female workforce and a high proportion of workers from migrant and refugee backgrounds. Most entry-level jobs have no or low qualification requirements.
- Workers in care and support sectors experience wage penalties when compared to other occupations with similar characteristics in adjacent sectors. Registered nurses working in aged care earn less than nurses in working health care. Teachers who deliver preschool programs in centre-based day care earn less than those teaching in primary schools.
- Government plays a major role in funding and regulating the four sectors, and sometimes directly provides services within them.

Each of these sectors provides vital social infrastructure and supports the workforce participation of those using the services, their families or carers.⁴ Yet, work in the care and support economy has often been undervalued and workforce development has fallen short. This threatens the sustainability of the care and support workforce and exacerbates the risk that Australians will be unable to access affordable and high quality care and support.

The primary focus in the care and support economy is on the physical and emotional needs of the people accessing care and support. These needs include connectedness to others, the ability to exert influence over their environment, and safety — all within the expressed life choices of each individual. In ECEC the primary focus is on the education and development of children.

As policy makers, governments also need to consider the wellbeing of the family members, friends and neighbours who provide informal or unpaid care, and the workers who provide formal care and support. Government also has a responsibility to consider impacts on current and future taxpayers (who fund the majority of contributions to care and support services) to ensure spending is effective, sustainable and supports intergenerational equity.

A key aim of this Strategy is to provide a holistic view across the care and support economy. This will help facilitate comprehensive solutions addressing the shared needs of care and support workers, providers and the communities they serve. A holistic approach will also help improve the overall quality, accessibility, and sustainability of care and support, and ultimately contribute to building a more equitable and inclusive care and support economy.

Governments have often sought to address the challenges in many of the care and support sectors individually, but when policies are made in silos there can be unintended consequences for the service user and other sectors. This often occurs when different government departments are responsible for administering different programs or when there is a division of responsibilities between the Australian Government and state and territory governments.

⁴ Social infrastructure refers to the facilities, spaces, networks and services that support quality of life and wellbeing in our communities, and it includes care, education, and health provision.

ECEC Snapshot	Disability Support Snapshot	Veterans' Care Snapshot	Aged Care Snapshot
<p>1.4 million children from 1 million families attend a Child Care Subsidy (CCS) approved ECEC service.</p> <p>CCS is based on family income and activity test.</p> <p>Centre-based Day Care (CBDC) is the most commonly used service type:</p> <ul style="list-style-type: none"> • 8,827 CBDC services • Employing 146,726 staff <p>Other types of care:</p> <ul style="list-style-type: none"> • Family Day Care • In home care • Outside school hours <p>There are also 334,440 four- and five-year-old children enrolled in a preschool program.</p>	<p>One in six Australians with disability, including the one in four First Nations people with disability and 2.2 million women with disability.</p> <p>National Disability Insurance Scheme (NDIS)</p> <ul style="list-style-type: none"> • 573,342 participants • 325,000 NDIS workers • Around 20,000 registered providers and 130,000 unregistered providers <p>Individualised budgets based on what's reasonable and necessary.</p> <p>Non-NDIS</p> <p>Funded by the Australian Government and state and territory governments: either directly provided or through grant arrangements.</p>	<p>Community Nursing Program</p> <ul style="list-style-type: none"> • 11,111 clients • 292 providers <p>Veterans' Home Care Program</p> <ul style="list-style-type: none"> • 31,105 clients • 161 providers <p>Fee-for-service contracts directly with providers.</p>	<p>Commonwealth Home Support Programme</p> <ul style="list-style-type: none"> • 840,000 consumers • 1400 providers • 76,096 total staff <p>Grant funding agreements with providers.</p> <p>Home Care</p> <ul style="list-style-type: none"> • 216,000 consumers • 906 providers • 80,340 total staff <p>Individualised funding assigned to the consumer.</p> <p>Residential aged care</p> <ul style="list-style-type: none"> • 245,000 residents • 735 providers • 277,671 total staff <p>Funding to providers based on residents' assessed need.</p>
<p>Major policy milestones:</p> <ul style="list-style-type: none"> • 2000 and 2004 – Child Care Benefit (2000) and Rebate (2004) introduced to assist families with the cost of raising children. • 2018 - CCS replaces the former Child Care Benefit and Rebate arrangements. • 2012 - The National Quality Framework is introduced to improve quality and transparency. • 2023 - Cheaper Child Care package increases CCS for most families. 	<p>Major policy milestones:</p> <ul style="list-style-type: none"> • 2013 – The NDIS Act 2013 was created, beginning with a trial phase followed by a staggered roll out across Australia. • 2016 – Commenced rollout of the NDIS; WA will have fully adopted the scheme by 2023. • 2019 – Disability Royal Commission established, expected to report by September 2023. • 2023 – The NDIS Review examines the design, operations and sustainability of the NDIS. 	<p>Major policy milestones:</p> <ul style="list-style-type: none"> • 2001 - Veterans' Home Care created to deliver home care services to the veteran community. 	<p>Major policy milestones:</p> <ul style="list-style-type: none"> • 2012 - Living Longer Living Better reform package. • 2021 - Royal Commission into Aged Care Quality and Safety spurs major reforms to aged care.

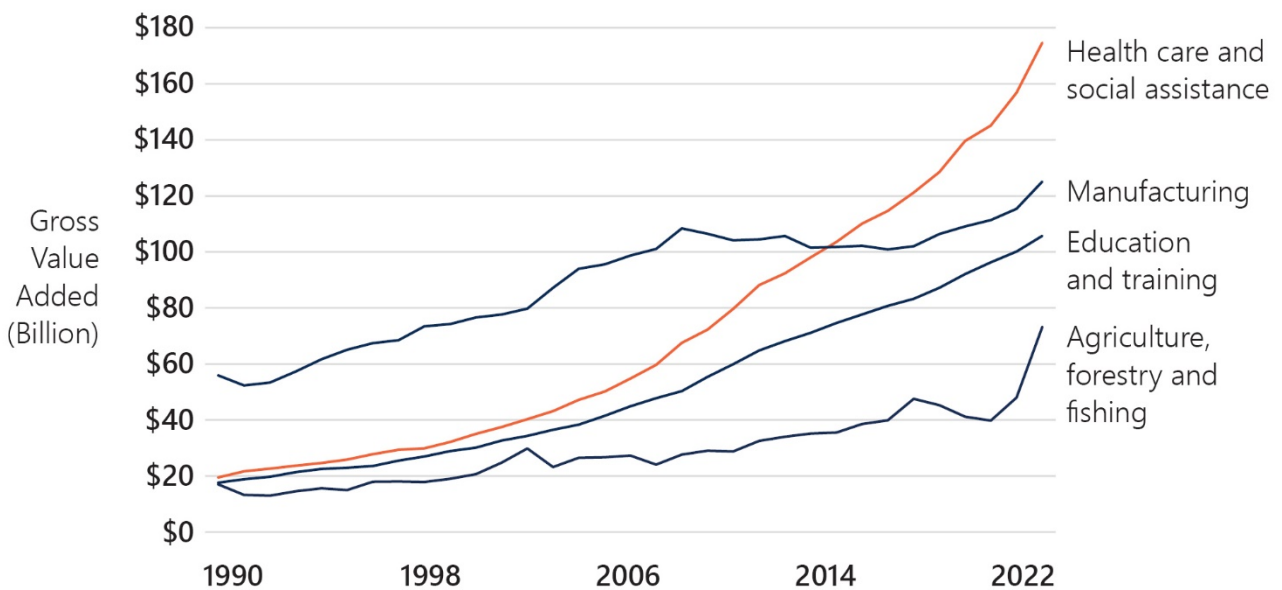
Economic impact of care and support

A rapid growth sector, historically undervalued

The care and support economy is a significant contributor to employment, economic growth and societal well-being in Australia. Yet, care and support work has not traditionally been considered by governments through an economic policy lens, resulting in its associated economic benefits often being neglected. We also don't capture the value of the unpaid labour that takes place, overwhelmingly performed by women, within households in our Gross Domestic Product. This means the socio-economic value of this unpaid care to the Australian economy is not always visible and appreciated.

Over the last 70 years, the structure of the Australian economy has changed significantly. There has been a rapid growth in the service sector, both in terms of output and employment. Over the past 35 years Australia has seen a significant increase in government subsidised and 'non-market'⁵ services – in particular health care and social assistance.⁶ This growth has far eclipsed the growth in 'traditional' industries such as manufacturing. The health care and social assistance industry now accounts for 15 per cent of Australia's workforce, making it the largest employing industry in Australia. It is forecast to grow faster than any other industry.^{7,8}

Figure 2. Gross Value Added (GVA) growth in various industries.⁹



⁵ These are services such as health care, education and social assistance, typically provided free of charge or at prices well below cost, usually funded and regulated by government.

⁶ The 'health and social assistance' industry includes health services, ECEC, disability support and aged care.

⁷ ABS (Australian Bureau of Statistics), *Labour Force, Australia, Detailed*, ABS, February 2023, accessed April 2023.

⁸ NSC (National Skills Commission), *Employment Projections*, NSC, 2021, accessed April 2023.

⁹ GVA measures the contribution of an industry to the overall economy. It is a useful economic indicator of economic productivity and performance; PM&C analysis of ABS System of National Accounts data.

An economy connected to equality and inclusivity

The care and support economy matters for gender equality, socio-economic equality, poverty reduction, inclusive growth and sustainable development. Higher income households often have greater ability to access a combination of paid professional, institutional and informal family care and support. Conversely, lower-income households are often limited to informal family care or insufficient care and support.

Government investment in care and support can deliver both social and economic returns.

For First Nations people, providing care and support for community members often falls within expected kinship responsibilities and cultural obligations. This leads to a high burden of unpaid care, economic exclusion and underutilised service delivery avenues.

First Nations carers are more likely to be unpaid carers for a person with disability than non-Indigenous Australians.¹⁰ First Nations carers and their families, especially those in regional and remote areas, experience severe financial distress and often have to forgo essential items such as nutritious food to cover the costs of daily living.¹¹ Overwhelmingly, research describes desires among First Nations people for more support for caregiving within families.¹²

Lack of access to much needed care and support services also shapes the household labour supply structure. For instance, it may be easier for both members of a couple with a higher family income to work given they can afford alternatives to unpaid care. In contrast, research highlights that the lack of affordable ECEC is a significant barrier particularly for women in low-income households which can prevent them from entering the workforce.¹³ These households tend to be more vulnerable to economic shocks and at a higher risk of poverty. Overall, expansion of care and support services can facilitate dual earner households, reducing the risk of income poverty.

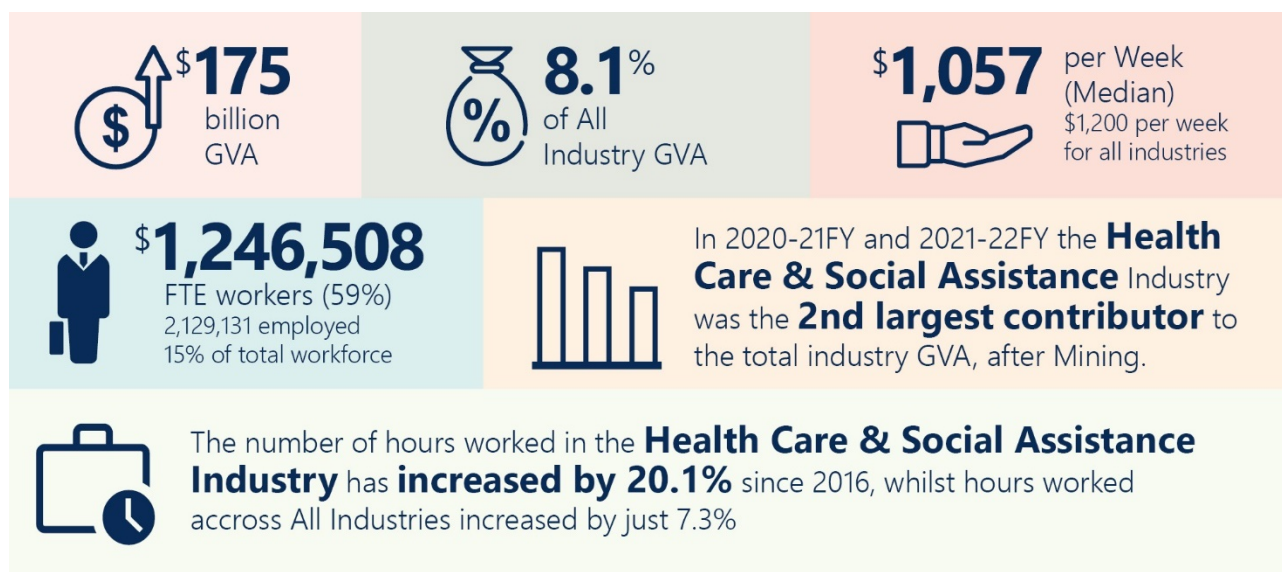
¹⁰ Wiyi Yani U Thangani (Women's Voices): Securing our Rights, Securing our Future Report (2020). Australian Human Right Commission. P. 327.

¹¹ Walsh & Puszka (2021) Aboriginal and Torres Strait Islander voices in disability support services: A collation of systemic reviews, Commissioned Report, Centre for Aboriginal Economic Policy Research, Australian National University

¹² Wiyi Yani U Thangani (Women's Voices): Securing our Rights, Securing our Future Report (2020). Australian Human Right Commission. P. 327.

¹³ Workplace Gender Equality Agency, *'Unpaid care work and the labour market: Insight Paper'*

Figure 3. Economic significance of *Health Care and Social Assistance*¹⁴



The care and support economy is growing, driven by an ageing population, a transition from informal to formal care, and increased citizen expectations of government. The most recent Intergenerational Report projected the share of the population aged over 65 years old will increase to nearly 23 per cent as the baby boomer generation ages over the next 40 years.¹⁵ This will drive the dependency ratio — the ratio of working age people to non-working age people — down by almost one-third (from 4 working-aged people today to around 2.7 people in 2060).¹⁶ In addition, demand for ECEC services is also likely to increase and at least keep pace with working age population growth, consistent with higher labour force participation of women.

Productivity growth is crucial to fulfil growing demand for care and support services

The care and support workforce is growing 3 times faster than other sectors in the Australian economy. With demand for care and support services expected to outstrip workforce supply, the previous National Skills Commission projected a workforce gap.¹⁷ By 2049-50, the total demand for care and support workers is expected to be double what we see today.

Given the increasing demand for workers and the shrinking supply of working age people, productivity growth is becoming increasingly important. Stronger productivity growth within the care and support economy could contribute to lowering future workforce demand. Plus, from a workforce supply perspective, stronger productivity growth across the economy as a whole could increase the potential share of workers available to work in the care and support system.

¹⁴ PM&C analysis; ABS System of National Accounts

¹⁵ Treasury (Department of the Treasury), *'2021 Intergenerational Report: Australia Over the Next 40 Years.'* Treasury, June 2021, accessed April 2023.

¹⁶ Treasury, *2021 Intergenerational Report*, [168].

¹⁷ NSC (National Skills Commission), *'The State of Australia's Skills 2021: Now and Into the Future.'* National Skills Commission, 2021, accessed April 2023.

Australia's productivity growth has been in decline over the last two decades. The recent 5-year inquiry from the Productivity Commission reports productivity growth of close to zero in the non-market sector since the turn of the millennium.¹⁸

As the care and support economy continues to grow and comprise an increasing share of the national economy, productivity growth in this system will be fundamental to lifting our overall national productivity. We should seek to understand what might be hindering productivity growth in the services sector and, where there is strong evidence for cost-effective intervention, we should act.

Government expenditure in care and support services is an investment in social infrastructure

Social infrastructure is the facilities, spaces, networks and services that support quality of life and wellbeing in our communities, and it includes education, care and health provision.

Poor understanding of the economic and social impacts of care and support systems mean we can undervalue social infrastructure in investment decisions.

Public funding of high-quality care and support provision is an investment in social infrastructure. It provides long-term benefits (returns) as well as wider public benefits that accrue beyond the direct users (infrastructure).

Care and support work, both paid and unpaid, has generally been seen as low prestige work in Australian society. These biases impact how care and support work is valued, compensated and recognised. Consider how differently we measure spending on physical infrastructure (as an investment) and social infrastructure (as an expense, despite its potential for significant long-term fiscal and economic and social dividends). Ultimately, this distinction impacts the allocation of resources and the overall quality of services in the care and support economy.

The Australian Government's forthcoming Measuring What Matters Statement—Australia's first national framework on wellbeing—will provide a better picture of whether policies are working and support more informed discussions about what needs to be done to improve the lives of all Australians.

Investing in social infrastructure brings economic benefits

Investing in social infrastructure helps improve productivity in other economic sectors. It also brings greater development opportunities for children and increased women's workforce participation.

Investments in the care and support economy support greater returns on our human capital. For instance, ECEC impacts the physical, social, and mental development of children, ultimately better equipping them to succeed in school and adult life. Moreover, it is critical to note that that over half of NDIS participants are younger than 18, and over 15 per cent are younger than 7.¹⁹

¹⁸ PC (Productivity Commission), *'5-Year Productivity Inquiry: Advancing Prosperity – Volume 1,'* Productivity Commission, 7 February 2023, [19] accessed April 2023.

¹⁹ NDIA (National Disability Insurance Agency), 'Active participants by Age Group Q2 FY22/23', [Explore data | NDIS](#), accessed May 2023.

This investment, therefore, has a number of potential long-term benefits, both for the individual and Australia as a society.

Access to care and support services can boost labour force participation

Access to care and support services supports greater labour force participation of the people providing unpaid care, predominantly women. It also boosts their productivity and improves their work-life balance.

Helping those with caring responsibilities access care and support services improves this group's availability to undertake paid employment. In 2021, caring responsibilities affected the labour force participation for over 900,000 people.²⁰ Of those people, over 80 per cent were women. The data showed 45 per cent of them wanted to work but could not.

Access to care and support services can also help the people providing unpaid care to increase the hours of their paid work. In 2020, the Productivity Commission reported that employed carers who provided care for 30 or more hours per week worked 3.2 fewer hours on average than people who do not provide care. These pools of potential workers represent an untapped workforce supply.²¹

Reducing unemployment and underemployment in this group would also ease the pressure on public expenditure. Newly employed people would pay tax, and fewer social security payments would be made. In the longer-term, there will be returns from the care and support investments themselves. For instance, investing in comprehensive care and support (including preventative care) for older adults can result in reduced healthcare costs, improve quality of life and increase social cohesion within communities.

How care and support investment assists women's economic equality

The impact of the care and support economy on women is two-fold.

Firstly, it is widely recognised that women perform a disproportionate share of unpaid work, including care and support for those who need it. This gender imbalance in the distribution of unpaid care work constitutes a root cause of women's economic and social disempowerment. Care and family responsibilities (unpaid care) and industrial gender segregation (of paid care and support) account for 53 per cent of the gender pay gap in lifetime earnings and superannuation balances.²²

Achieving gender equality is a priority action for the Australian Government. It is important socially and economically. The Government will release a National Strategy to Achieve Gender Equality in the second half of 2023, guiding whole-of-community action to help make Australia one of the best places in the world for equality between women and men. It is an important mechanism to elevate and prioritise actions that will achieve gender equality.

²⁰ PM&C analysis of ABS Participation, *Job Search and Mobility survey*, 2021 release on Tablebuilder.

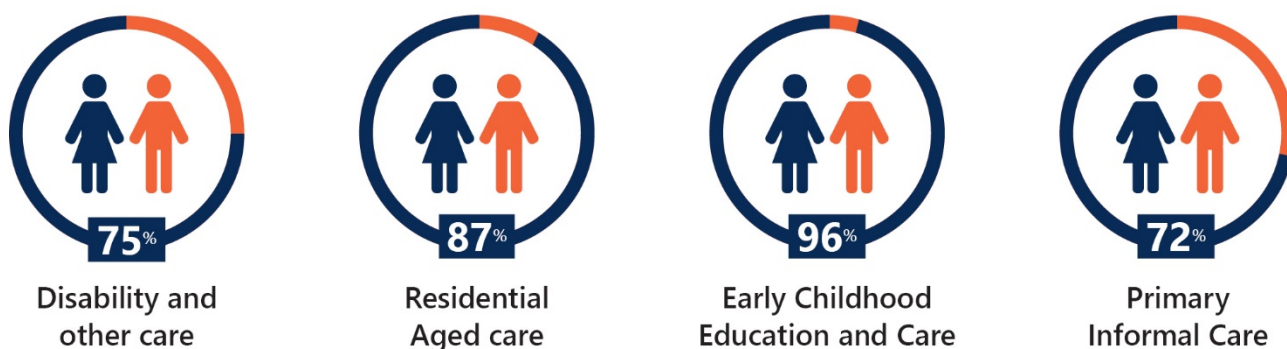
²¹ PC (Productivity Commission), *'Senate Select Committee on Work and Care: Productivity Commission Submission.'* Productivity Commission, September 2022, [5] accessed April 2023.

²² WGEA (Workplace Gender Equality Agency), *'She's Price(d)less: The Economics of the Gender Pay Gap.'* WGEA, prepared with DCA and KPMG, 13 July 2022, accessed April 2023.

Public funding of care and support services can alter the distribution of work in society and provide women with economic autonomy: they free up women to participate in the broader workforce.

Secondly, the care and support economy is gender segregated, meaning that there is an unequal distribution of men and women. Female-dominated industries are marked by low pay, poor bargaining power, economic insecurity and high flexibility.²³ Gender segregation in care and support is driven by historic norms of care being performed within households, by women.

Figure 4. The majority of care and support workers and informal carers are female²⁴



Gendered undervaluation of women's work is a widespread phenomenon that has been a major driver of low pay.²⁵ Of all hours worked by all Australian women in 2021, 8.1 per cent were worked in aged care, disability support, veterans' care or ECEC.²⁶ Smart investments in care and support system will support the large numbers of women working in the sectors within it. It will also encourage a move away from a highly gender segregated workforce, thus encouraging more male participation and helping address skill shortages.

This Care and Support Economy Strategy provides an opportunity to properly value care and support work, getting us a step closer to gender equality.

²³ The Senate, Finance and Public Administration References Committee, *'Gender Segregation in the Workplace and Its Impact on Women's Economic Equality'*, Parliament House, June 2017, accessed April 2023.

²⁴ Data on the veterans' workforce is not available; PM&C analysis of ABS Census occupational data. Informal carers data from [*Informal carers - Australian Institute of Health and Welfare \(aihw.gov.au\)*](http://Informal carers - Australian Institute of Health and Welfare (aihw.gov.au))

²⁵ World Health Organisation, *'Delivered By Women, Led By Men: A Gender and Equity Analysis Of the Global Health and Social Workforce'*, *Human Resources for Health Observer Series No. 24*, 2019, [3] accessed April 2023.

²⁶ PM&C analysis of ABS Census of Population and Housing, 2021.

Goal 1: Quality care and support



Policy Goal: person-centred services that recognise those accessing care and support as individuals and deliver quality outcomes

The design of care and support services must focus on the needs of those who require the care and support. The quality of experience with care and support systems and of the service received is influenced by a multitude of factors. If there are not enough workers, or providers operating, quality care and support will not be accessible to those who need it. If workers don't have adequate conditions of work, they are less able to deliver quality care and support.

As Australia is a highly diverse nation, it is important that care and support services are culturally appropriate and psychologically safe for all people. Additionally, the formal care and support system must complement the significant contribution that is made by informal carers.

High quality care and support services help people to maintain or develop their capabilities and independence to lead fulfilling lives or have good quality of life. In contrast, poor quality care and support can have serious negative impacts.

Consumers understand quality care and support when they see it, and they know when it is missing. Specific markers of quality may look different in each sector due to their different focus. For example, ECEC focusses on children's development while aged care focuses on enabling people to maintain their independence and quality of life as they age. However, what is common across these sectors is that quality services are person-centred and recognise those accessing services as individuals.

One of the most important developments in aged care and disability support in recent years has been the move towards empowerment models of care and support. These policy shifts give control to the people accessing services, and recognise the inherent rights of the individual to make choices about their lives. Choice and control for people using care and support needs to remain at the centre when considering any other changes to programs or regulatory settings.

Of course, consumer choice needs to be coupled with consumer protection. The Royal Commission into Aged Care Quality and Safety, and the current Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability have shone a light on poor quality care and support in these sectors.²⁷ The exposure of these failings has resulted in a strong and resounding call from the Australian public to do better.

There is already some work underway focussing on improving quality of care and support. This includes the NDIS Review and a Productivity Commission inquiry into ECEC. In addition, a vision for the ECEC sector is being developed between the Australian Government and states and territories, and a new National Early Years Strategy and significant reforms of the aged care sector are progressing.

Ensuring the availability and delivery of quality care and support requires a multi-faceted approach. Regulation plays a key role here, ensuring quality and safeguarding consumers, but it should be carefully designed to avoid potential unintended consequences. Ultimately, a market that allows

²⁷ Royal Commission into Aged Care Quality and Safety, 2021; Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, due for completion September 2023.

choice between quality providers, upholds quality standards and has access to a sufficiently sized and skilled workforce is one that is most likely to ensure people can receive high quality care and support.

Figure 5. High level quality care and support experience



Access to services for all

Access to services is a critical prerequisite for quality care and support. Australia has well-developed care and support systems compared to many nations, however inequities in access exist. In rural and remote areas and for First Nations communities there may be no services accessible. Other times, lack of choice can mean the available options do not meet the needs of all users. Both issues contribute to low service usage across aged care and disability services in remote areas, and as well as for First Nations peoples and a number of other marginalised groups.

Increasing the accessibility of locally tailored and culturally safe care and support services for First Nations peoples requires supporting the growth of First Nations community-controlled organisations. These organisations are well-positioned to provide services grounded in First Nations perspectives and values.

Delivering choice and control in thin markets

The term thin markets is used to describe where there are low numbers of buyers or sellers for a particular product or service. Challenges to delivering services in thin markets include low and geographically-dispersed demand, increased costs, administrative and regulatory complexity, and workforce shortages.

The Market Capacity Framework (Table 1) provides a way to categorise whether markets are diverse and contain enough providers.

Figure 6. Market Capacity Framework²⁸

Market	Market Non-diverse	Market Diverse
Market Insufficient	Market Failure: "There are no providers offering services for me."	One provider with strong tailoring to client needs: "There is just one provider, but they tailor their service to me."
Market Sufficient	Multiple suppliers of standardised services: "There are lots of providers but they all offer the same thing. They won't tailor to me."	Diversified supply: "I can choose from a range of providers offering different approaches to the service I need."

Consumers need to have real choice and control over their providers for competition-driven market incentives and dynamics to work. More nuanced approaches to market stewardship are required in thin markets, and across the care and support economy, to ensure people have access to the care and support they need. This is addressed further below under **Goal 3: Productive and sustainable**.

Objectives

1.1 People have access to the care and support they need

1.4 Services are culturally and psychologically safe for all people

How will we get there?

The Australian Government is currently undertaking trials of integrated commissioning where providers are funded to deliver cross-sectoral services in thin markets. If one service delivers multiple services in a community (e.g. health, aged care and disability support), they may be better able to reach a sufficient number of clients to make service delivery cost effective. This requires government departments to pool funding and adjust regulatory requirements. The aim is to learn from these trials to iterate and develop good integrated commissioning models that can be more readily deployed to address thin markets.

Building a capable, skilled and sufficiently large workforce

It is well established that the quality of care and support is linked to the quality of jobs for workers.²⁹ Not only do there need to be enough workers, but those workers need to be suitably skilled and enabled to do their jobs well. Then, they need enough time to deliver services effectively, in a dignified way and with enough training to do their jobs well. These jobs need to be decently paid and secure jobs, enabling workers to stay in the workforce and provide continuity of care and support.

²⁸ Reeders, D., Carey, G., Malbon, E., Dickinson, H, Gilchrist, D., Duff G., Chand., S., Kavanagh, A. & Alexander, D., [Market Capacity Framework](#), Centre for Social Impact, 2019.

²⁹ I Arends, C Prinz, and F Abma, '[Job Quality, Health and At-Work Productivity](#),' OECD Social, Employment and Migration Working Papers No. 195, Organisation for Economic Co-operation and Development, 14 June 2017.

Current workforce shortages are driving poor outcomes for individuals with care and support needs. It contributes to burnout of existing staff, who have limited time to provide sufficient care and support and leads to a lack of availability of services for those who need them.

Having enough workers is the predominant concern for providers across the care and support economy. Despite the recent growth in the number of workers, workforce shortages remain. Worse, these shortages are projected to increase. For instance, worker shortages are projected to increase to around 285,000 people by 2049-50, primarily for aged and disabled carers, nursing support and personal care workers.³⁰

There are a range of jobs across the care and support economy, with different skills required in different sectors. However, there are also similarities between sectors. For example, these workforces have a similar demographic composition and require similar skill levels. As a result, competition for workers between care and support services itself is a source of pressure. Strategies to attract workers to one sector, such as disability support, risks exacerbating workforce shortages in aged care, veterans' care or ECEC. Solutions therefore need to focus on growing the total care and support economy workforce, rather than focusing on one sector within it.

Making jobs more attractive

The attraction and retention of workers is the most impactful and long-lasting way to ensure a sufficient workforce.

The result of high workloads, low pay and poor conditions is high turnover. For example, one in every four aged care and disability support workers spend less than one year in the profession.³¹ Staff turnover severs relationships with those receiving care and support. It means a loss of the skills and knowledge that has accumulated in a staff member and results in time and resources being invested into recruiting, training and inducting new staff.

Improving the quality of jobs will also support the attraction and retention of workers to the system. Opportunities to improve the quality of jobs in the care and support economy are explored further under **Goal 2: Decent jobs**.

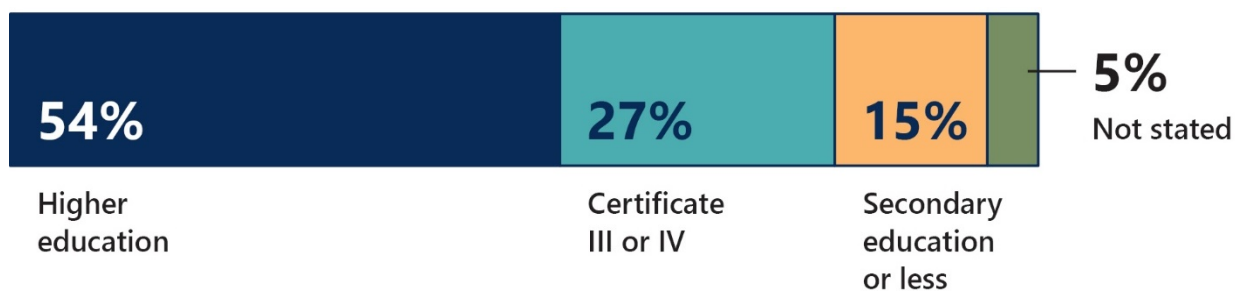
Getting the right mix of skilled workers

The care and support workforce has a range of qualification levels. While not mandatory in aged care and disability support, most personal care and support workers have a relevant qualification. Overall, the skills profile of the care and support economy shows workers possess a range of skills levels, with the majority of workers holding a relevant qualification.

³⁰ NSC (National Skills Commission), *'Care Workforce Labour Market Study: Final Report.'* NSC, 30 September 2021, [13].

³¹ NSC, 'Care Workforce Labour Market Study.' [13]

Figure 7. Skills profile of the care and support workforce³²



However, there also needs to be a range of workers with different skills within a sector, or even within one facility, such as in residential aged care. Unsuitable skill mix has been identified as one of the principal causes of substandard care and support in the current aged care system.³³

Of course, no sector remains static. As the needs of those receiving care and support change, the skills of the sector’s workers must also adapt. For example, as life expectancy increases, aged care workers will require more specialised skillsets to deliver quality care and support to people with complex comorbidities and acute health conditions. Matching workers to the roles that best use their skills and expertise can drive improved outcomes, worker satisfaction and productivity.

The newly established Jobs and Skills Council (JSC) for early childhood educators, health and human services will identify skills and workforce needs for these sectors and develop contemporary vocational education and training (VET) products. The JSC will also play a role in: working with industry to ensure training delivery meets stakeholder needs; mapping and promoting career pathways; and in providing strategic advice on workforce challenges for both industry and government. The JSC is a mechanism to ensure VET training is responsive to employer and learner needs and current and emerging skills gaps.

In addition to formal qualifications, the increasingly diverse Australian population also requires a workforce that is culturally competent for First Nations peoples, people from culturally and linguistically diverse backgrounds and lesbian, gay, bisexual, transgender and intersex people.³⁴

Governments can also support a suitably skilled workforce by examining the funding arrangements that either incentivise or discourage workforce training. For example, when funding is provided for specific services and the pricing is set only for the time taken to deliver those services, this can result in insufficient funding to cover training. Addressing this issue requires a broader consideration of funding models and pricing, discussed further under **Goal 3: Productive and sustainable**.

³² PM&C analysis of 2021 Census data.

³³ Royal Commission into Aged Care Quality and Safety, *Final Report: Volume One*, Royal Commission, March 2021 [16].

³⁴ Senate Community Affairs References Committee, *Future of Australia’s Aged Care Sector Workforce*, Senate Printing Unit, Parliament House, June 2017 [89-100].

Growing the First Nations care and support workforce

First Nations peoples should enjoy long, healthy lives centred in culture with access to culturally safe and responsive care and support services. To enable this, there needs to be a sustainable First Nations care and support workforce, especially in regional, rural and remote areas where workforce shortages are more acute. Care and support services for First Nations peoples should be delivered through community-controlled organisations that are based in communities wherever possible.

The number of community-controlled organisations providing care and support services will need to increase to meet the growing needs of First Nations communities and ensure culturally safe services are available. Streamlining regulation across the care and support system could help to support community-controlled organisations to expand current and more flexible service provision across each of the sectors within it.

Access to qualifications is a barrier for expanding the First Nations care and support workforce, and completing training away from Country can be an additional barrier for First Nations students. Community-controlled training organisations are well placed to deliver a mix of accredited and non-accredited training for First Nations peoples. They deliver tailored training in a culturally safe environment and often provide wrap around assistance for students to ensure they are able to successfully complete their program of study.

All Australian Government actions should align with the National Agreement for Closing the Gap. Specifically, they should be developed in genuine partnership with First Nations organisations; support the growth of the community-controlled sector; and ensure government organisations are culturally safe, responsive to the needs of First Nations peoples and free from racism.

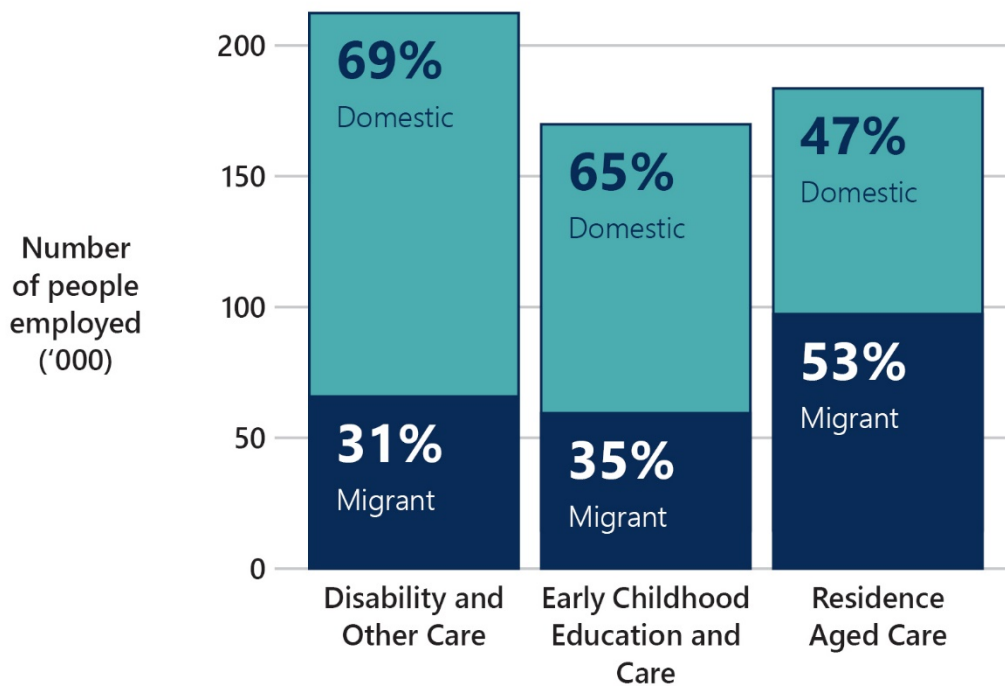
The Australian Government has committed to replacing the Community Development Program (CDP) with a new program that delivers good jobs, better pay and decent conditions. These reforms offer an opportunity to support the rapid development of a care and support workforce and realise economic benefits for First Nations communities.

The role of migration in the care and support workforce

Migrants make up a significant proportion of the care and support workforce.

Given Australia's current tight labour market, migration is likely to continue to be part of the solution to workforce shortages. Currently, the skilled migration pathway is an avenue to help fill roles such as ECEC Centre Managers, teachers, nurses and allied health professionals. However, this is not suitable for filling roles at lower skill and income levels such as personal care workers or early childhood educators.

Figure 8. Proportion of workers from migrant backgrounds³⁵



While skilled migration offers some solutions, other migration pathways are available to help employers meet workforce needs through temporary migration. For example, employers may apply for a Labour Agreement to engage migrant workers where there is a need that cannot be met by the local labour market. The Australian Government has worked with employers and unions to streamline this process in the aged care sector. On 5 May 2023, the Government announced the establishment of an Aged Care Industry Labour Agreement. It will provide a streamlined pathway for aged care providers to access direct care workers from overseas, where standard visa programs are not available, whilst ensuring providers continue to support existing domestic workers. In addition, the Pacific Australia Labour Mobility Scheme is a pathway to engage migrant workers from Pacific Island countries and Timor-Leste on a temporary basis. This is currently being trialled in aged care.

It is important to factor in that over-reliance on migrants in lower skill and lower-paid roles risks embedding low wages across the care and support economy. This would make attracting domestic workers more challenging. Additionally, there is likely to be greater competition for migrant workers in the future as all nations grapple with declining dependency ratios. Migration is also vulnerable to global disruptions, as was evident during the COVID-19 pandemic.

³⁵ PM&C analysis of 2021 Census data

Objectives

1.2 The workforce has the right skills and training to deliver quality care and support

1.3 Workforce supply meets demand

How will we get there?

The **Priority Workforce Initiatives Action Plan** will outline initial steps towards ensuring there are sufficient workers and that those workers have suitable skills and training.

Among these steps will be the establishment of a governance function to coordinate workforce planning across the care and support economy. This includes leveraging the work of the relevant Jobs and Skills Council; developing and overseeing a data strategy; identifying workforce gaps and work across governments to develop targeted policy responses; monitoring and evaluating actions; and disseminating ongoing learnings.

Consideration of migration pathways for lower-skilled workers will form part of the solution in the short term. This will be complemented by actions to make jobs in care and support more attractive as part of a longer-term approach to workforce shortages.

These actions will build upon work to date including:

- The Australian Government commitment to funding (jointly with states and territories) 480,000 fee-free TAFE places over 4 years to address skill shortages, including in care and support.
- The Australian Government is providing 20,000 extra university places, including 1,469 for early childhood teachers across 2023-24.
- The Closing the Gap Disability Sector Strengthening Plan, and Early Childhood Care and Development Sector Strengthening Plans, endorsed by all levels of government. These plans provide a framework for a national and coordinated approach to strengthening the disability and early childhood community-controlled sectors, and include dedicated actions to strengthen the workforce.
- The Australian Government commitment to replace CDP with a new program with real jobs, proper wages and decent conditions – developed in partnership with First Nations peoples.

Navigating care and support systems

Care and support systems are complex and accessing them can be confusing for people who require care and support. This confusion can prevent people from receiving services they need when they need them. Surveys indicate that 67 per cent of people had a major or severe issue finding and getting good quality disability supports and services.³⁶ Older people and their families have also reported their experience trying to access appropriate care and support as “time-consuming, overwhelming, frightening and intimidating”.³⁷ Additionally, these challenges can be more acute among some populations, such as those from disadvantaged backgrounds, those who are culturally and linguistically diverse, or people who might fit the eligibility criteria of multiple programs. The existing framework can be equally confusing for care providers, the majority of whom must learn to use two or more service systems.

This confusion has costs attached. Informal carers and other friends and family often invest time and resources in supporting those needing care and support to navigate these systems. Providers and workers can also find themselves helping people to do this. In some cases, people pay private brokers to help navigate the systems so they can access the care and support they need. Government-funded programs have been rolled out to help people navigate complex care and support systems.³⁸ Making it easier for people to navigate these systems quickly and easily will improve access to quality care and support.

Another challenge for people in navigating their care and support options is gaining an understanding of how well a service will meet their needs, and a confidence that the service they are accessing is high quality. This requirement is supported to varying degrees by government-run websites. For example, the NDIS find-a-provider tool does not provide a way to gauge quality, while ECEC services have their latest quality assessment rating published. Recently, star ratings have been introduced to residential aged care to help consumers easily understand the quality of the service, and the lived experience of other residents. Much of the data used to calculate an aged care facility's star rating is automatically populated from existing quarterly data already held by governments.

Having good information is important to help service users make informed choices, which is necessary for well-functioning markets. There may be scope for the Australian Government to take a bigger role in providing digital platforms that help people navigate systems of care and support and provide reliable, trustworthy information about quality.

How digital platforms can assist

In today's care and support economy there are digital find-a-provider platforms to help people find service providers. These include the NDIS myplace portal, Disability Gateway, My Aged Care, and the

³⁶ DSS (Department of Social Services) *'Australia's Disability Strategy: 2021-2031'*, DSS, December 2021 [25]; The Social Deck, *'Right to Opportunity: Consultation Report to Help Shape the Next National Disability Strategy – Full Report'*, DSS, 2019.

³⁷ Royal Commission into Aged Care Quality and Safety, *'Final Report - Care, Dignity and Respect: Volume 3A - The New System'*, March 2021 [160]; National Institute of Labour Studies, *'2016 National Aged Care Workforce Census and Survey – The Aged Care Workforce'*, The Department of Health, March 2017, [21].

³⁸ e.g. Aged Care System Navigator; Australian Healthcare Associates, *'Evaluation of the Aged Care System Navigator Measure – Final Report'*, Department of Health, April 2021.

Starting Blocks website's 'Find Child Care' tool. There are also other websites that are not managed by governments which people can use to research and connect with care and support providers.

It is not necessarily the role of government to maintain digital platforms to help people connect with providers; however, there may be good reason to do so to help markets function effectively.

There is variation between digital platforms. The platform may be run by a registered NDIS provider that employs workers, while others act as a conduit to connect participants to independent workers, who may not be registered NDIS providers. Non-government operated find-a-provider platforms also serve an important role to help people to find the supports they need, but they too aren't easily captured by current regulation, depending on the service they deliver.

One kind of digital platform which directly connects a person with a worker is sometimes referred to being part of the 'gig economy.' In aged care, such models account for only a small share of service delivery, but it is likely this will increase.³⁹ In the NDIS there are several well-established digital platforms that facilitate this kind of purchasing. Non-traditional business models such as those in the gig economy may have the potential to deliver good quality of care and support, and to operate efficiently. But as the care and support economy grows, these models can lag behind community expectations and existing regulation, particularly in regards to labour standards.

The Australian Government will continue to review regulatory settings to ensure that they safeguard high quality services, regardless of whether that service is engaged through traditional providers or through digital marketplaces.

The impact of digital platforms on workers is covered more under the Secure Work section of **Goal 2: Decent jobs**.

Objectives

1.5 People are able to easily navigate systems, assess service quality and access care and support

3.5 Opportunities in data and digital are harnessed to enable quality care and support, decent jobs and productivity growth

How will we get there?

The emergence of digital platforms presents opportunities to modernise how consumers interact with care and support systems. However, regulation must be more adaptive and responsive than it has traditionally been if it is to support and safeguard these opportunities. We need to ensure the use of digital platforms is successful and equitable so certain key cohorts (including older Australians, people with disability, carers and support workers) are not digitally excluded. This will be explored as part of the **Regulatory Review Action Plan**. In addition, opportunities to better support people to make informed choices will be explored through a **Transparency Action Plan**.

³⁹ Productivity Commission, *'Aged Care Employment: Study Report: Overview.'* PC, October 2022, [10].

Support for informal carers

An informal carer is a family member, friend or community member who, without remuneration, provides care to someone within an existing relationship. Almost 2.65 million Australians care for people with a disability, medical condition (including terminal or chronic illness), mental illness or a person who is frail due to ageing. Carers play a crucial role in sustaining the viability of the care and support economy.

While this Strategy is focused on paid care and support, a significant amount of care is provided informally by carers. For example, of those older Australians receiving assistance in the community, about 80 per cent receive it from unpaid carers.⁴⁰

The contribution of Australia's informal carers to the economy and society is substantial. In 2020 alone, the value of unpaid care was estimated at \$77.9 billion.⁴¹ There are also significant socio-economic costs borne by both carers and their families, including lost earnings for time out of paid employment to care for a loved one. In 2020, the lost earnings of unpaid carers were estimated at \$15.3 billion, or 0.8 per cent of GDP.⁴²

For some, being cared for by a family member or friend is preferred over receiving formal care and support services. Informal care also plays a vital complementary role to formal care and support services, and many people receive assistance from both formal and informal carers. For example, of older people who require assistance, only 1 per cent receive formal care and support only, while 62 per cent receive a mix of formal and informal care and support.⁴³

Consideration of our First Nations people

For First Nations people, providing supports for community members often falls within expected kinship responsibilities and cultural obligations. While this has numerous advantages, it can also mean that First Nations carers are more likely to be unpaid carers for a person with disability than are non-Indigenous Australians.⁴⁴ Overwhelmingly research describes desires among First Nations people for more support for caregiving within families.⁴⁵

While caregiving within families is important for these communities and has many advantages, First Nations carers, especially those in regional and remote areas, experience particularly high levels of unpaid care, economic exclusion and underutilised service delivery avenues.⁴⁶ As a result, they are

⁴⁰ Productivity Commission, *'Caring for Older Australians: Productivity Commission Inquiry Report – Volume One, No. 53,'* PC, 28 June 2011 [24].

⁴¹ Deloitte Access Economics, *'The Value of Informal Care in 2020,'* Deloitte Australia, May 2020, [25].

⁴² Deloitte Access Economics, *'The Value of Informal Care in 2020.'* [28]

⁴³ Australian Bureau of Statistics, *'Disability, Ageing and Carers, Australia, 2018,'* ABS, Australian Government, 2019, accessed April 2023.

⁴⁴ AHRC (Australian Human Rights Commission), Wiyi Yani U Thangani (Women's Voices): Securing our Rights, Securing our Future Report, AHRC (Australian Human Right Commission) 2018 [327].

⁴⁵ AHRC, Wiyi Yani U Thangani (Women's Voices): Securing our Rights, Securing our Future Report.

⁴⁶ Wiyi Yani U Thangani (Women's Voices): Securing our Rights, Securing our Future Report (2020). Australian Human Right Commission. P. 327

particularly vulnerable to severe financial distress and often have to forgo essential items to cover the costs of daily living.⁴⁷

Becoming a more carer-friendly nation

It is critical that formal care and support systems be designed to effectively support informal carers as well as improve outcomes for the people needing care and support. For example, respite, which gives carers important breaks from caring, must be available, high quality and support smooth transitions in order to provide its intended benefits.

The Australian Government provides a range of supports for carers through Carer Gateway including counselling, peer support, coaching, tailored support packages (including planned respite), emergency respite and information and practical advice. The Government also supports carers by providing financial assistance through payments and concessions as part of Australia's social security system. Yet, the annual Carer Wellbeing Survey suggests that carers have worse economic, health and wellbeing outcomes than those without caring responsibilities.^{48,49} A lack of support and employer flexibility also poses a barrier to workforce participation for many carers. This is problematic as workforce participation is a key protective factor for carer wellbeing.⁵⁰

As increasing numbers of Australians need care and support, more people will be balancing the demands of work and informal care. In 2021, an estimated 1.4 million Australians (12 per cent of employed people) were providing informal care while also working.⁵¹ Survey data indicates only half of working carers felt they could discuss their caring role with their employer/supervisor and 15.8 per cent had not told their supervisor about their caring obligations.⁵²

To address these challenges, workplaces and society more broadly need to become more carer-friendly. Given that women make up 72 per cent of primary carers, a more carer-friendly society would also support women's workforce participation.⁵³

⁴⁷ Walsh & Puszka (2021) Aboriginal and Torres Strait Islander voices in disability support services: A collation of systemic reviews, Commissioned Report, Centre for Aboriginal Economic Policy Research, Australian National University.

⁴⁸ This survey is conducted by Carers Australia and the University of Canberra.

⁴⁹ Schirmer J, Mylek M and Miranti R, '[Caring for Others and Yourself: 2022 Carer Wellbeing Survey – Full Data Report.](#)' Carers Australia and the University of Canberra, October 2022.

⁵⁰ Ai Group (Australian Industry Group), '[Ai Group Submission for the Work and Care Inquiry.](#)' Senate Select Committee for Work and Care, Submission No. 41.

⁵¹ ABS, '[Unpaid Work and Care: Census.](#)' ABS, 28 June 2022, accessed April 2023.

⁵² Schirmer et al, Centre for Change Governance and NATSEM, University of Canberra, '[Caring for Others and Yourself: 2021 Carer Wellbeing Survey.](#)' Carers Australia [13].

⁵³ AIHW, *Informal Carers*, 2021, accessed April 2023.

Objective 1.6

The contribution of informal carers is valued, and they are supported to sustain their caring roles

How will we get there?

The Australian Government is developing a Carer Inclusive Workplace Initiative which will educate employers and empower carers to improve carer inclusivity in Australian workplaces. The Carer Inclusive Workplace Initiative will enable businesses, in particular small businesses, to self-identify as a carer-inclusive organisation without the time commitment and cost associated with a full accreditation process. The initiative is expected to be launched in late 2023.

The Australian Government is providing over \$838 million over four years to 2025-26 to support informal carers. Carer Gateway is the Government's national carer support service for all carers, providing early intervention and preventative support to help them in their caring role and participate socially and economically.

Goal 2: Decent jobs



Policy goal: secure, safe jobs with decent wages, conditions and opportunities for career development

The Australian Government is committed to boosting job security and wages and to creating safe, fair and productive workplaces. Our policy vision is that jobs in the care and support economy will be attractive and competitive options for long-term, professionalised careers in the labour market. Jobs will support the wellbeing, safety and economic security of workers. Jobs will also enable quality provision of care and support. Jobs will promote women's economic equality. Jobs will be sufficiently attractive to build the workforce size and skills needed to cater for Australians requiring care and support.

Australians deserve jobs that work for them

The quality of a person's job is an essential factor in life satisfaction. In care and support, quality of jobs is important not just for the worker, but for the people they provide care and support to: decent work is a necessary condition for quality care and support. Given the growing shortage of staff in care and support, improving the quality of these jobs is the best way to improve retention and attraction of a skilled workforce.

Care and support work can be highly rewarding and our care and support system contains many talented and dedicated workers. However, there is high turnover across the system. Evidence suggests this is due to a number of factors including: high workloads, concerns about service quality, low pay, unsafe work conditions, and lack of career progression opportunities.⁵⁴ The reputation of care and support jobs as being hard work for little reward reinforces workforce shortages. What makes a quality job?

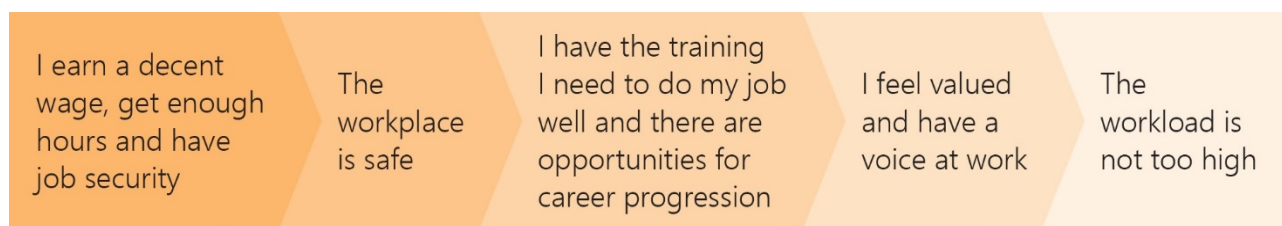
Job quality is a combination of factors broadly encompassed by:

- pay and conditions
- intrinsic characteristics (including use of skills, recognition, autonomy, relationships, level of effort required)
- terms of employment (including stability, training and development, progression opportunities)
- health and safety
- work-life balance
- worker representation and voice.⁵⁵

⁵⁴ BETA (Behavioural Economics Team of the Australian Government), Department of Prime Minister and Cabinet, '[NDIS Workforce Retention: Findings from the NDIS workforce Survey](#),' PMC, 12 June 2022; K Thorpe et al., '[Identifying predictors of retention and professional wellbeing of the early childhood education workforce in a time of change](#),' *Journal of Educational Change*, 2020, 21(1), 623-647.

⁵⁵ Warhurst C, Wright S and Lyonette C, Institute for Employment Research within the University of Warwick, '[Research Report: Part 1 – Thematic Literature Review- Understanding and Measuring Job Quality](#),' CIPD, November 2017, [23].

Figure 9. High level overview of a decent job experience



The attributes that make care and support jobs unattractive come down, largely, to job design: what tasks are done and how that work is organised. In turn, job design is driven by the how programs are funded, regulation and relevant industrial relations instruments. The cumulative impact of these forces creates incentives for employers to organise work and workers in certain ways.

Management and leadership capability also plays a role in determining whether a job is good or not, due to the role of management in determining job design, workplace culture and ensuring the safety of workers.

Improving the quality of jobs in care and support is also an important lever to enhance women's economic equality, due to the large proportion of women it employs.

Value of care and support work

Care and support work has traditionally been undervalued. Submissions to the Employment White Paper from care and support sector services, worker representatives and community organisations emphasised that low social status, low pay, and persisting reputations of work as unskilled contribute to the undervaluation of these workers.⁵⁶

The undervaluation and underpayment of care and support workforces is a pervasive issue influenced by the historical context of care and support begin provided, unpaid, by women from within the home. Gendered undervaluation of women's work has been one of the biggest reasons behind low wages.⁵⁷ Efforts to improve pay and conditions in the care and support economy will promote women's economic equality more broadly, reducing the pay gap between female-dominated sectors and the rest of the economy.

The value of work has both financial and social elements. Pay is a driving factor in attracting workers. Recognition is a core social need for people and has notable impacts in attraction and retention. Attracting men to these jobs by improving pay and changing perceptions about the work may aid in addressing our care and support workforce shortages and overcoming gender segregation in care and support.

⁵⁶ Treasury (Department of the Treasury), *'Employment White Paper Submissions.'* Treasury, 8 April 2023, accessed April 2023.

⁵⁷ Senate Select Committee on Work and Care, *'Final Report'*, 2023. [83]

Addressing the issue of low wages

While pay for care and support jobs varies by role, 95 per cent of workers are earning at rates below the Australian average.⁵⁸ The Fair Work Commission (FWC) also recently found that minimum wage rates for direct care roles in aged care “do not properly compensate workers for the value of work performed.”⁵⁹

The Australian Government is investing \$11.3 billion to fund a 15 per cent pay raise, over 4 years, for aged care workers in direct care roles. It is projected that this will impact around 250,000 frontline workers across the country. This decision follows the Australian Government’s submission to the FWC in August, 2022 which supported the wage increase.

Furthermore, the Australian Government’s recent Secure Jobs, Better Pay reforms to the *Fair Work Act 2009* will support workers in female-dominated industries and occupations and will help close the gender pay gap more broadly.

In addition to making gender equality a central objective of the Fair Work Act and the Modern Awards objective, these reforms:

- Established new FWC Expert Panels for Pay Equity and the Care and Community Sector. This will help ensure the Fair Work Commission has the expertise to appropriately address gender-based undervaluation and help improve pay and conditions in low paid, feminised workforces.
- Introduced a statutory Equal Remuneration Principle. This will guide how the FWC considers pay equity cases and addresses barriers that have prevented the FWC from being able to effectively tackle gender-based undervaluation in the past.

Care and support sectors face challenges to bargaining and unionisation, partly because it is often isolated work and partly because high proportions of these workers are casuals or contractors.⁶⁰ Additionally, government plays a big role in setting care and support prices, through regulation and price capping. This means employers may be limited in their ability to increase pay without passing costs on to consumers or requiring extra public funding.

This combination of fragmented, insecure work that is feminised and low-paid has resulted in less enterprise bargaining in care and support than other systems. The supported bargaining stream in the Secure Jobs, Better Pay reforms may allow enterprise bargaining to be a more effective driver of wages and conditions in care and support systems.⁶¹ The stream will allow low-paid workers to bargain with assistance from the FWC. It will also compel parties who exert a high degree of control over the terms and conditions of the workers to attend conferences.

Increasing pay for care and support workers is important, but without changes to productivity it would lead to significant increases in the costs of care and support services. This is because labour forms the majority of the costs of care and support services.

⁵⁸ NSC, ‘Care Workforce Labour Market Study.’ [156]

⁵⁹ Decision (*Work Value Case – Aged Care Industry*) [2022] FWCFB 200 [899] at 250, 1-337.

⁶⁰ ACTU (Australian Council of Trade Unions), *The Future of Work: Greater Inequality and Insecurity Unless We Act*, Submission No. 112 to the Senate Select Committee on the Future of Work and Workers Inquiry, 26 February 2018.

⁶¹ *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022: Second Reading Speech.*

In a fiscally constrained environment, higher pay in care and support services funded by the Government needs to be carefully balanced. Increasing demand for care and support services, rising service costs amid high inflation and a shrinking working population are all expected to increase the cost of providing these services.

This need to increase pay and conditions of care and support workers makes sustainable funding for care and support services all the more important. There is a need to increase productivity to drive real wages growth. The strategy to ensure that care and support services are sustainable and productive is discussed under **Goal 3: Productive and sustainable**.

Improving worker recognition

Workers in the care and support economy report being appreciated by those accessing care and support and their families, but unrecognised by their managers, policymakers and the wider community. Care and support workers who report not feeling valued for the work they do are more likely to leave the workforce.⁶²

NDIS workers cited negative workplace culture or management issues as the tied highest single factor for leaving; inversely, commitment to an organisation is among the strongest predictors of intention to stay.⁶³ Aged care workers commonly report management who are not present in day-to-day work, and who don't understand the relevant issues, which leads to a feeling of lack of support.⁶⁴ Workplace culture is also critical in retaining and sustaining educators in ECEC.⁶⁵ Improved management capability across the care and support economy can support employee satisfaction.

Improving public perceptions of a profession requires more than just changing titles and increasing pay. Working conditions that give dignity to workers are also important to building recognition. Additionally, opportunities for individual workers to receive praise and acknowledgement for their use of skills are important to support their recognition as skilled experts.

Societal valuation of a profession is not something governments can mandate from the top down, but it does start with how care and support funding is viewed and talked about. Currently, it is treated as an expense rather than an investment. But the wellbeing of people in our community – those receiving care and support and those enabled to work because of it – can't be put down to a number in a government budget.

The community needs to decide, via an informed conversation, how we will balance the trade-offs of social and financial valuation. This is discussed further in **Goal 3: Productive and sustainable**.

⁶² Austen, S. et al, 'Recognition: applications in aged care work,' *Cambridge Journal of Economics*, 2016, Vol. 40/4, pp. 1037-1054, [doi: 10.1093/cje/bev057](https://doi.org/10.1093/cje/bev057); Elstad, J. and M. Vabø, 'Lack of recognition at the societal level heightens turnover considerations among Nordic eldercare workers: a quantitative analysis of survey data,' *BMC Health Services Research*, 2021, Vol. 21/1, [doi: 10.1186/s12913-021-06734-4](https://doi.org/10.1186/s12913-021-06734-4).

⁶³ BETA, [NDIS workforce retention](#).

⁶⁴ S Hodgkin, J Warburton, P Savy and M Moore, '[Workforce Crisis in Residential Aged Care: Insights from Rural, Older Workers](#)', *Australian Journal of Public Administration*, 2016, 76(1): 93-105, doi: 10:1111/1467-8500.12204.

⁶⁵ K Thorpe et al., '[Identifying predictors of retention and professional wellbeing of the early childhood education workforce in a time of change](#),' *Journal of Educational Change*, 2020, 21(1), 623-647.

Objectives

2.1 Pay and conditions reflect the value of care and support work

2.5 Improved leadership and management capability across the care and support economy

How will we get there?

The Secure Jobs, Better Pay amendments to the Fair Work Act provides avenues to improve pay and conditions in the care and support economy.

The **Priority Workforce Initiatives Action Plan** will outline initial steps the Australian Government will take towards improving the conditions of care and support economy workers.

The **Pricing and Market Design Action Plan**, discussed under Goal 3, will consider the interaction of funding models, regulation and modern awards in contributing to decent jobs.

Safe and inclusive workplaces

The need for a safe work environment

All workers are entitled to safe and healthy work. It is also critical to preventing physical and psychological harm. Creating and maintaining a safe and healthy workplace is a legal requirement.

The Australian Government is serious about supporting improved work, health and safety outcomes for all workers.

Workers in the care and support economy perform a broad range of roles. For these workers, their workplaces may change day-to-day and many may work alone, increasing risks to their health and safety. Many care and support roles can be physically demanding, emotionally confronting, repetitive, and expose the workers to workplace stress and violence.

Well understood hazards and risks in the care and support economy include manual handling from lifting, supporting and moving people, as well as repetitive tasks, exposure to biological hazards, fatigue and shift work, and slips, trips and falls.

Psychosocial hazards, such as high work demands, low job support, and harmful behaviours also pose risks of physical and psychological harm. On average, work-related psychological injuries have longer recovery times, higher costs, and require more time away from work. Managing the risks associated with psychosocial hazards not only protects workers, it also decreases the disruption associated with staff turnover and absenteeism, and has economy-wide benefits amounting to billions of dollars each year.⁶⁶

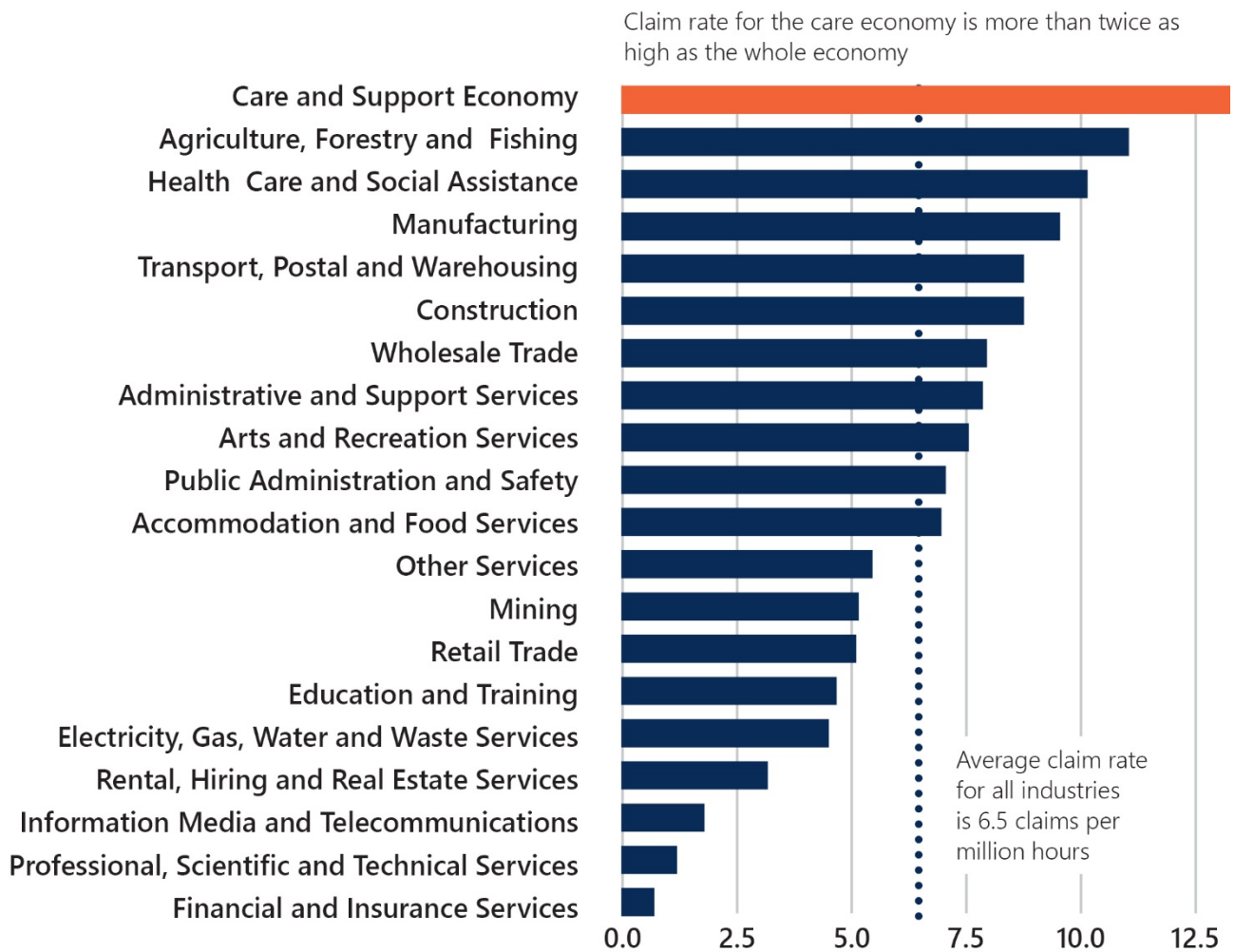
ABS data show that across the whole of Australia in 2021-22, community and personal service workers was the occupation group with the highest rate of work-related injuries.⁶⁷ Data from Safe Work

⁶⁶ Safe Work Australia (2022), *Safer, healthier, wealthier: the economic value of reducing work-related injuries and illnesses*, accessed May 2023.

⁶⁷ ABS, *'Work-Related Injuries.'* ABS, 15 February 2023, accessed April 2023.

Australia also show that serious claim frequency rates for the care and support economy were more than twice that of the all-industries average in 2020-21. A high proportion of these were for physical injuries.

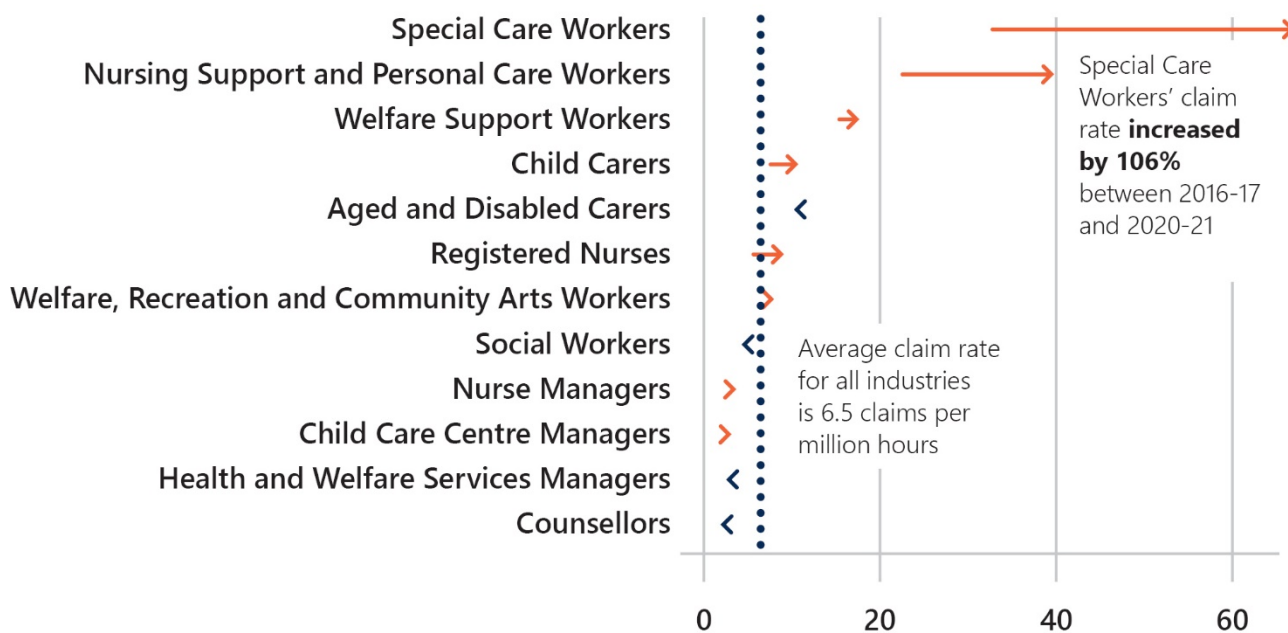
Figure 10. Serious claim frequency rate (per 1 million hours worked)⁶⁸



Additionally, the rate of injuries in care and support roles has been increasing and is rising at a greater pace relative to other industries. It rose by 25 per cent between 2016-17 and 2020-21.

⁶⁸ Safe Work Australia, data produced for the Care and Support Economy Taskforce, January 2023.

Figure 11. Change in serious claim frequency rates 2016-17 to 2020-21 (claims per 1 million hours worked)⁶⁹



Research by the Behavioural Economics Team of the Australian Government found 73 per cent of NDIS workers reported their health and safety is at risk at least some of the time.⁷⁰ The risk to their health and safety was one of the top reasons NDIS workers intended to leave their job.

The need for good job design

High work demand is a psychosocial hazard that can cause harm to workers. Heavy workloads can also be distressing for workers when they believe they do not have the resources they need to deliver quality care and support (termed 'moral distress'). Administrative burden can contribute to workers feeling they are not doing the work they should be. Many early childhood educators and NDIS workers are overwhelmed by paperwork, which they see as a barrier to quality interactions with children and participants, and a major contributor to unpaid work.⁷¹

Heavy work demands are currently widely reported across the care and support economy:

- Most early childhood educators do unpaid overtime regularly⁷²
- 51 per cent of NDIS workers reported weekly unpaid work⁷³
- High workloads are the most common source of job dissatisfaction reported by aged carers

⁶⁹ Safe Work Australia, 'Analysis of Work-Related Injuries.'

⁷⁰ BETA, 'NDIS Workforce Retention.' [23]

⁷¹ E Harper, et al., *The early learning work matters project*.

⁷² United Workers Union, '*Exhausted, Undervalued and Leaving: The Crisis in Early Education*', VOCED, 2021; E Harper, S McGrath-Champ and R Wilson, *The Early Learning Work Matters Project: Findings from Phase II*, 2022, Rattler 140: 32-35.

⁷³ BETA, [NDIS workforce retention](#).

Research into NDIS workforce retention found that cultivating balanced workloads is one of the factors that would drive significant improvements in employee retention. Streamlined paperwork, satisfaction with quality of service delivered, and supportive workplace cultures are others.⁷⁴ Workloads have also been found as one of the most important factors when considering improvement of ECEC jobs.⁷⁵

Among NDIS workers, 43 per cent feel burnt out at least some of the time.⁷⁶ Anywhere between 30 and 50 per cent of aged care workers in direct care and support are affected by burnout.⁷⁷

Other commonly reported hazards affecting the care and support workforce include low job control, poor support, lack of role clarity, and poor organisational change management. The risks posed by such hazards are likely to be exacerbated by workforce shortages.

These hazards and heavy workloads are elements of the way that work is designed and organised, which could be addressed by improving job design in the care and support economy. Improving good work design would involve considering the way that work is performed, worker needs, preferences and capacities, the physical environment, and systems and processes (including regulatory settings) and how these factors interact.⁷⁸

Good job design can also help address worker shortages: it can improve employee retention by increasing job satisfaction and improving work health and safety outcomes. It can also drive innovation and productivity improvements.

Racism and sexual harassment of workers

High proportions of workers in the care and support economy are from culturally diverse backgrounds and have reported experiences of racism, both from other workers and from those they are providing care and support to.

Reports of sexual harassment are also unacceptably high, with 33 per cent of workers in Health care and social assistance reporting experiencing sexual harassment.⁷⁹ This is unacceptable in Australia.

Employers also have a legal requirement to prevent employees being exposed to harmful behaviours. Mitigating these harmful behaviours is necessary as they pose risks to employees and may impact worker retention.

Developing and supporting a diverse workforce also enhances capability in meeting the varied needs of those accessing care. For example, as discussed above, having First Nations care and support workers is very important in First Nations communities. However, available data suggests that overall, the First Nations workforce in the care and support economy is emerging or limited.

⁷⁴ BETA, [NDIS workforce retention](#).

⁷⁵ K Thorpe, E Jansen, V Sullivan et al., [Identifying predictors of retention and professional wellbeing of the early childhood education workforce in a time of change](#), *Journal of Educational Change*, 2020 21: 623-647, doi:10.1007/s10833-020-09382-3.

⁷⁶ BETA, [NDIS workforce retention](#).

⁷⁷ ARIIA (Aged Care Research & Industry Innovation Australia), ['Staff Burnout Rapid Review'](#), n.d., ARIIA, accessed April 2023.

⁷⁸ Safe Work Australia (2020), [Principles of Good Work Design](#)

⁷⁹ AHRC, [Everyone's business: Fourth national survey on sexual harassment in Australian workplaces](#), AHRC, 2018. More precise data was not obtainable for this Strategy.

Objectives

2.2 Work is organised and jobs are designed in a way that promotes good job quality and worker satisfaction

2.4 Workplaces are safe and healthy, and psychological and physical risks are eliminated or, if this is not possible, minimised

2.5 Improved leadership and management capability across the care and support economy

2.6 Workplaces are inclusive of diverse cultures, genders, ages and abilities and are culturally safe for all workers, including First Nations workers

How will we get there?

Recent updates to Australia's model work health and safety laws have been made to clarify the existing obligation to manage psychosocial risks. An accompanying model Code of Practice on managing psychosocial hazards at work was also published by Safe Work Australia. The majority of jurisdictions have either implemented or are in the process of implementing regulations dealing with psychosocial hazards.

Improving workplace safety for workers in the care and support economy needs to be a priority. The Australian Government will work with state and territory governments, who are constitutionally responsible for workplace health and safety, and other relevant stakeholders on a **Worker Safety Action Plan**.

The Australian Government will commission expert analysis into the drivers of unsafe work practices and high workloads (and job design more broadly) in the design of programs and regulation. Actions to address issues identified in this analysis will be included in the **Pricing and Market Design Action Plan**.

The importance of secure work

The Australian Government is committed to ensuring that Australians have good, secure jobs. It recently made job security a central objective of the Fair Work Act, the minimum wage objective and the modern awards objective.

Job security is important to ensure that workers have consistent and predictable income week to week. Secure, predictable income is also important for managing general wellbeing.

Predictable income can be an issue for casual workers, who often do not have a guarantee of ongoing work or paid leave entitlements.⁸⁰

Those most exposed to job insecurity are independent contractors (such as those on digital platforms), casual workers, and workers engaged on a labour-hire basis. While some workers choose

⁸⁰ While casual workers receive a 25 per cent loading in lieu of entitlements such as paid leave, the low pay for many jobs in the care and support economy would leave many casual workers relying on both the casual loading and regular work to sustain their livelihoods.

these arrangements because it works best for their life circumstances or preferences, it becomes an issue if workers feel trapped in insecure work.

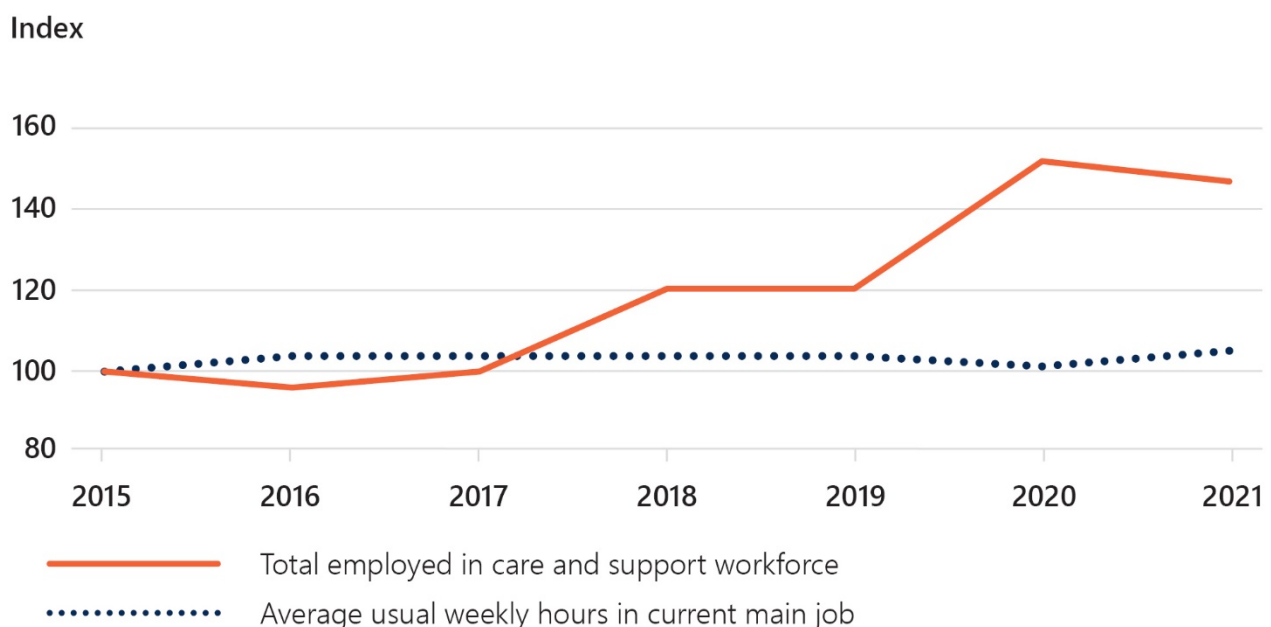
While casual employment can often benefit workers, for example by providing flexibility to manage work around studies or other activities, it can also be insecure work for people who need or would prefer regular, stable employment.

The National Skills Commission found that care and support workers are much more likely to be employed on a casual basis than other Australian workers. In February 2021, around 28 per cent of the care and support workforce were casual workers, compared with 19 per cent of the total Australian workforce.⁸¹

Security also involves consistency in hours, and sufficient notice of work. This is vital to enable people to plan their life, switch off from work, and have a good quality of life. In the NDIS, casual workers and part-time workers are highly concerned about not getting enough notice of shift or appointment times and hours changing from week to week.⁸² This problem is compounded by the fact that workers in aged, disability and veterans' care and support are more than twice as likely to hold multiple jobs compared to the overall workforce.⁸³

While the total number of workers in the care and support economy has been increasing over recent years, the average number of hours worked has barely changed. Ensuring that workers have secure jobs that provide sufficient hours will not only benefit workers; it will likely improve the productivity of the system by improving the utilisation of workers.

Figure 12. Total number of workers and average hours worked⁸⁴



⁸¹ NSC, *Care Workforce Labour Market Study: Final Report*. [17]

⁸² BETA, *NDIS workforce retention*.

⁸³ NSC, *Care Workforce Labour Market Study: Final Report*. [17]

⁸⁴ NSC, *Care Workforce Labour Market Study: Final Report*. [158]

The challenges of customer-centred funding models

The shift to customer-centred funding models has sometimes resulted in new pressures on the care and support workforce. For example, many people receiving care and support may want care and support in the mornings and evenings, which can lead to split shifts for workers.

Additionally, when funding is provided for specific services and the pricing is set only for the time taken to deliver those services, this can result in pressure for workers to be employed on a casual basis or (instead) engaged as independent contractors with minimal shift requirements. It also means that funding may not be provided for activities that are an essential part of the work, such as travel between appointments or completing regulatory requirements and appropriate record-keeping.

Recent years have seen an increase in digital platforms being used to engage workers, in what is often called the 'gig economy.' There are a variety of platform-based providers in the care and support economy. While some are registered providers with employees, operating in a more traditional model, others connect consumers directly with care and support workers, who then generally work as independent contractors rather than employees.

Working as an independent contractor in the care and support economy can be beneficial for workers. They can run an independent business, set their own prices, and exert control over when they work and which work they agree to take on. However, the advent of the gig economy has also highlighted that some workers who are engaged as independent contractors exhibit a lack of bargaining power and autonomy over their own work.

Objective 2.2

Work is organised and jobs are designed in a way that promotes good job quality and worker satisfaction

How will we get there?

The Government has committed to preferencing direct employment in aged care.

The Government has committed to empowering the Fair Work Commission to set minimum standards for workers in 'employee-like' forms of work, including the gig economy.

The **Priority Workforce Initiatives Action Plan** outlines initial steps towards ensuring that workers have good, safe, secure jobs.

Professionalisation and career pathways

The Royal Commission into Aged Care Quality and Safety described the need to build an aged care profession. There are currently limited opportunities to add to initial worker training and build specialisation, even though the increasingly complex needs of people in aged care call for greater skilling and specialisation.

The ECEC sector has already made significant advances in professionalising its workforce. In response to mounting research evidence showing that quality early childhood education has a multitude of long-lasting, positive effects on children, there has been an increasing focus on the educative component of ECEC.⁸⁵ Today, there are minimum qualifications for staff, and minimum ratios for staff trained at the Diploma or Bachelor degree level. The Early Years Learning Framework provides a nationally consistent curriculum to guide education and care services for children from birth to five years.⁸⁶ These changes, introduced over the past decade, have developed a strong sense of professional identity within the sector.

Aged care and disability support sectors are commonly reported to lack career pathways, meaning opportunities for further training or experience to lead to more senior roles with increased pay.⁸⁷ Currently, wages stagnate after a few years in these jobs.

The process of professionalisation, including in aged care and disability support, will include changes to education, training, wages, labour conditions and career progression, responsibilities, representation and enforcement of regulation. A key aim of professionalisation is to attract people to work in each of these sectors as a long-term career.

Career progression opportunities are also important for attracting and retaining workers. Workers value sectors where they see they can build a strong professional identity, have opportunities to specialise or enjoy a diverse career while they become more senior. These sectors ultimately build a reputation as offering desirable and valued jobs. This process will also work to reverse some gendered biases placed on care and support work, and provide upwards mobility to the high proportions of marginalised people employed in these sectors.

Modern awards and enterprise agreements are an effective lever to support professionalisation. These can include qualification-based classification structures and opportunities for additional qualifications that lead to classification and wage progression.

⁸⁵ For example, D Warren, M O'Connor, D Smart and B Edwards, [A critical review of the early childhood literature](#), Australian Institute of Family Studies, 2016.

⁸⁶ Department of Education, ['Belonging, Being & Becoming: The Early Years Learning Framework for Australia.'](#) ACECQA, Volume 2, 2022.

⁸⁷ Senate Community Affairs References Committee, ['Chapter 3: Attracting, training and retaining aged care workers'](#), *Future of Australia's aged care sector workforce report*, Parliament of Australia website, 2017, accessed February 2023; BETA, [NDIS workforce retention](#).

Objective 2.3

Jobs are professionalised and there are pathways for skilling and career progression

How will we get there?

The Australian Government will work with the relevant Jobs and Skills Council to understand career pathways in the care and support system and find opportunities to better support professionalisation through suitable training and professional development. This will also require an investigation of education, training and career pathways and classifications.

The **Priority Workforce Initiatives Action Plan** outlines steps to initiate this work.

Goal 3: Productive and sustainable



Policy goal: a care and support economy that has functioning markets, sustainable funding and generates productivity gains

Our policy vision is that good quality care and support is delivered effectively and that there are sufficient providers of the services that people need. Government investment in and regulation of the care and support economy need to incentivise providers to deliver quality care and support with decent jobs. Government investment needs to be sustainable and ensure fairness both to current and future generations.

It is important that we meet our nation's growing and evolving care and support needs without leaving future generations of taxpayers with unmanageable debt. Achieving this long-term sustainability vision requires Government investment to be both effective and efficient, and will require productivity growth across the care and support economy.

Given that the care and support economy relates to services provided, in most cases, via markets (or quasi-markets), it is important that these markets function well. While this does not mean that every provider should remain viable, it is important that there are sufficient providers able to deliver services to people needing care and support both where and when they need them.

As the Australian Government is both the regulator (or joint-regulator) and, to a large extent, funder of these services, it needs to be a good steward of care and support markets. The Government has ultimate control over a variety of settings that influence care and support markets, including funding arrangements, pricing, regulation and industrial relations settings. These different elements interact in complex ways to influence and incentivise the behaviour of consumers and their families, providers and workers. Good stewardship involves ensuring that these factors work in concert to enable and incentivise high quality care and support and decent jobs, all provided in a sustainable way.

Effective regulation is a careful balancing act. Overly restrictive regulation can be too rigid to suit every situation and can lead to inefficiencies. For example, when regulation mandates what type of organisation can deliver care and support and the specific way workers must achieve this, the result can be lost opportunities for new and different approaches to service delivery. On the other hand, too little regulation, or regulation that is unclear or poorly targeted, can lead to poor outcomes for people accessing care and support. Considerable effort has gone into ensuring regulation is fit for purpose over recent years. For example the National Quality Framework which governs ECEC has been reviewed twice in its first decade to ensure it continues to meet its objectives. Building upon the existing regulatory approaches in these sectors, continued work is needed to ensure that regulatory settings ensure quality care and support without creating an unnecessary burden or restricting innovations in quality and service delivery.

The expansion of services and move to consumer-centric models of care and support, regulation that ensures safe and quality care and support, and better pay and conditions for care and support workers are all important. These changes serve the best interests of those providing and receiving services and society more broadly. However, these changes can also drive up the cost of services, creating challenges for the sustainability of public funding.

A productive and efficient care and support economy will help ensure that Government funding is sustainable, now and into the future. However, while productivity gains are important, they will not completely address the significantly increasing cost of care and support.

Future policy work needs to consider the appropriate level of care and support the Government funds, the level of funding, and the relative financial contribution of the Government and individuals needed to deliver the quality services Australians rely on.

Well-functioning markets

The care and support services being examined in this strategy are predominantly delivered through market-based models. When done well, competition and contestability in a market can improve service quality, encourage innovation, increase consumer choice and reduce prices.

However, these markets have not worked well in all cases. Thin markets (discussed under **Goal 1: Quality care and support**) refer to inadequate market provision for certain populations or in certain regions. In thin markets, some people requiring care and support may miss out on services, or be forced into services that do not meet their needs (including services that are far away from their home).

Thin markets are a persistent issue in care and support. Many approaches to intervene and shape thin markets have been tried with mixed success. A cross-care and support economy policy approach, with support for community-driven solutions (the most likely to be successful), will give Government a stronger footing to address thin markets.

In some sectors viability concerns are more widespread. While it is appropriate in a market model that the financial viability of any individual provider is not guaranteed, widespread poor financial performance indicates a problem in policy and program settings. Without effective intervention and market stewardship, issues like this can result in under-provision of essential services.

The importance of quality and stability

Market-based systems involve inherent trade-offs. One benefit of markets is that lower quality or less productive providers are driven to exit the market because of competition from stronger providers. However, stability is also important in care and support markets, as the closure of a provider can be very disruptive to the people accessing care and support services. For example, if a residential aged care facility closes, it affects more than care and support; it impacts where people live.

Good market stewardship is needed to drive quality and maintain an appropriate level of stability in the market. It must ensure all providers are incentivised to innovate to improve quality and reduce costs, as this will serve the market overall. These actions lead to a more efficient delivery of services, benefiting consumers and taxpayers. Incentivising providers also enhances the sustainability of the care and support system.

In a market-based model, provider profitability is important. It stimulates further willingness to invest in more services, in renewed facilities and in innovation that could drive quality and more productive services. The presence of market failures in the care and support economy can result in an

undersupply of quality care and support services.⁸⁸ The absence of long-term financial viability can potentially exacerbate these existing market failures and result in a further lack of investment, potentially leading to a vicious cycle of undersupply of care and support services.

Strong, responsive market stewardship

Care and support markets are not like regular markets in a number of important ways. For a start, government usually sets the price and/or amount of services consumed and decides who can access them. Then, consumers rarely face the full cost of the service, distorting price cues.

Additionally, in many cases there are rules about who can become a service provider in the market. Low competition and contestability mean service users can't (or don't readily) change provider. As a result, inefficient or poor quality services can persist. All of this means that competition-driven market incentives and dynamics don't always work to achieve efficient outcomes.

The Australian Government will be a good steward of these markets. The role of market stewardship is to ensure the market is delivering policy objectives, including by addressing market deficiencies or failures and by creating incentives that shape market behaviour towards desired outcomes. In today's care and support economy, good market stewardship might include:

- optimising the entry of high-quality providers
- ensuring that service users are heard and listened to by both providers and market stewards
- monitoring and adjusting funding models to ensure they drive the desired behaviour and outcomes
- promoting transparency
- developing tailored solutions where the national model is not appropriate, for example to meet users' needs in local or regional areas.

Market stewardship involves examining the impacts of funding models and other program settings, and adjusting and refining these so the settings encourage more effective service delivery. Market stewardship strategies are being developed for the aged care and the ECEC sectors, and market stewardship is led by the National Disability Insurance Agency for the NDIS.

It is important to remember that none of the services being examined in this Strategy operate in a vacuum. Government programs are, in effect, competing with each other to secure services for their target cohorts. For example, the policy and program settings for the NDIS and aged care, especially the pricing of services, put pressure on the market for veterans' services. The unintended consequence of this misaligned pricing can be underservicing of the veteran population. Therefore, market stewardship strategies for care and support services need to consider the flow on effects to other sectors which will require enhanced coordination across government departments.

⁸⁸ Market failures in care and support economy refer to information asymmetry, externalities, and the presence of public goods.

Objective 3.3

Funding models support market sustainability, job quality for workers, and quality care and support, including consumer choice and control.

How will we get there?

Market stewardship is core business for the Australian Government, and these care and support markets in particular need market stewardship that considers cross-sectoral impacts. The multitude of policy and payment settings makes these markets complex. Even small weaknesses in the incentive structure can have large distorting effects that adversely impact service users, workers and the market.

A **Pricing and Market Design Action Plan** will be developed to outline changes to better align incentives and contribute to well-functioning care and support markets. This will be informed by expert advice on market design and, rather than being a one-time policy change, will require monitoring market responses to incentives.

Productive care and support services

Productivity is about obtaining more, or better, outputs for the same, or fewer, hours of work. In the context of workforce shortages and increasing demand for both quantity of services and higher quality of services, productivity is important to the care and support economy.

Productivity growth in care and support has been close to zero for the last two decades.⁸⁹ At face value, it seems difficult to make productivity gains in care and support sectors because they are about human relationships and cannot be automated or replaced by machines. However, there are opportunities for productivity gains which must be pursued.

Labour-saving technologies and innovation

Human connection is a core part of providing quality care and support with dignity. Workers require emotional intelligence and the ability to listen and respond to diverse and changing needs. However, the jobs are also often physical or relate to the documenting of care and support given. It is these strenuous, repetitive or administrative tasks that can be the focus of labour-saving technologies and innovation. Sharing these labour-saving technologies across sectors will improve productivity across the whole care and support economy, by preserving people's time for tasks that require a human-to-human connection.

There are existing technologies that could be more broadly adopted in the care and support economy to improve quality of care and support and productivity; from cutting edge assistive technologies to relatively simple business management software such as those for rostering staff.

⁸⁹ Productivity Commission, '[Volume 1: Advancing prosperity](#)', *5-year Productivity Inquiry Report*, Productivity Commission, 2023, accessed April 2023.

The rapidly rising demand for care and support also presents opportunities for innovators. Services will increasingly be looking for ways to have a competitive advantage in the market and, in some contexts, families will increasingly be looking for ways to support loved ones in their homes.

Government can support better use of data and digital technologies in the system, including through creating data standards. Currently there are no common data standards across the care and support economy, meaning data cannot be easily transmitted to different systems or aggregated for analysis.⁹⁰ This influences both the quality care and support experience (e.g. those using these services having to repeat their information to multiple providers) and the efficiency of reporting to governments. Implementing data standards across large and diverse sectors would require an upfront investment but could then support better uptake of digital innovation.

Innovation can also take the form of better models of care and support or business models which are more efficient or effective. The majority of service providers are innovation adopters rather than generators of innovation. What's more, while innovation does occur in the care and support economy, it tends to be localised and small scale. This means it is difficult for other organisations or providers in different regions to find out about best practice innovative techniques and what is working well elsewhere.

There is scope for government to improve productivity of care and support systems by better diffusing innovation, for example through an authoritative source of advice on innovative or best practice care and support.⁹¹

Objectives

3.4 Innovation is shared, adopted and adapted across the care and support sectors

3.5 Opportunities in data and digital are harnessed to enable quality care and support, decent jobs and productivity growth

How will we get there?

Driving productivity gains in care and support sectors requires a multi-faceted approach. Productivity will be a focus of the following action plans to be developed:

- **Innovation Action Plan**
- **Data Standards Action Plan**
- **Pricing and Market Design Action Plan**

⁹⁰ R Dendere, M Hargrave, J Ferris, et al, '[A compelling case for the development and adoption of data standards and interoperability in the Australian aged care sector – White Paper](#),' The Centre for Health Services Research within The University of Queensland, 31 August 2021, accessed April 2023.

⁹¹ Productivity Commission, '[Volume 1: Advancing Prosperity](#)'. [31]

Regulatory duplication, burden and rigidity

Adjusting regulatory settings is a key government lever for improving productivity.

Regulation is essential to ensure the people accessing care and support are safe and receive adequate quality care and support, however there is a balance to be achieved. Overly restrictive regulation can be too rigid to suit every situation and cause inefficiencies. On the other hand, not enough regulation, or regulation that is unclear or not well-targeted, can lead to unscrupulous behaviour and devastating outcomes for those using these services.

Reducing the burden of reporting

Unfortunately, the burden of regulatory reporting has a negative impact on the quality of care and support and the experience of workers. For example, NDIS and ECEC workers have reported their ability to do a good job is blocked by paperwork and that this impacts their workplace engagement and level of burnout.⁹²

Automating regulatory reporting where possible could make a real difference to the experience of work and improve productivity. The cost of complying with administrative reporting requirements can be a significant burden on businesses, thus reducing productivity. The diversion of resources towards compliance activities also detracts from providing care and support hours, leading to lower wellbeing for individuals with care and support needs.

The administrative burden of reporting requirements is exacerbated for providers who operate across the aged care, disability support and veterans' care programs. Approximately 57 per cent of aged care providers also provide services in the NDIS, veterans' programs or both, and for veterans' community nursing and home care services this figure is 87 per cent.⁹³ These providers must report the same information, into different ICT platforms, more than once to meet cross-sector regulatory requirements. It is estimated that across aged care, the NDIS and veterans' care programs, the Australian Government supports over 80 ICT systems.⁹⁴

Opportunities for regulatory harmonisation

There is strong stakeholder support for better alignment of the regulation that governs aged care, disability support and veterans' care.⁹⁵ There are opportunities to implement coordinated or shared approaches to regulation across each of these sectors. This is especially so for worker screening, where currently there are different rules about screening in different sectors and across the states and territories. The different worker screening arrangements make it difficult for workers to work across sectors.

⁹² BETA, [NDIS workforce retention](#); E Harper, S McGrath-Champ and R Wilson, [The early learning work matters project: Findings from phase II](#).

⁹³ Department of Health and Aged Care analysis of 2020-21 administrative data. .

⁹⁴ Department of Health, ['2020 Aged Care Workforce Census Report.'](#) Department of Health, September 2020.

⁹⁵ Australian Government, [Summary of consultation findings: Consultation on harmonisation of care and support regulation – Phase 1](#), Department of Health, 2022, accessed March 2023.

Regulatory alignment will take an upfront government investment and a coordinated effort to implement more streamlined regulation and better reporting systems.

Aligning the different regulations is not the only solution. The aligned regulations should be best practice for stewarding the market towards the outcomes that best support individuals with care and support needs. Rigid regulation can constrain innovation where regulation is focussed on 'inputs' rather than 'outcomes'.⁹⁶ Prescriptive regulation, such as: the type of organisations that can enter the market, staff numbers; minimum qualifications; or minimum time spent with individuals, are proxies for good outcomes. They lead to quality outcomes much of the time but also limit new and different approaches.

Increasingly sophisticated data means there are opportunities to develop indicators of quality outcomes which may warrant, in some circumstances, the relaxing of rigid 'input' based regulation.

Objective 3.2

Regulation is simplified and made more efficient to comply with, without compromising quality and safeguards

How will we get there?

Building on consultation undertaken on regulatory harmonisation, a **Regulatory Review Action Plan** will be developed outlining steps to remove duplication and support productivity in the aged care, disability support and veterans' care sectors. The Regulatory Review Action Plan will also consider modernisation of ICT systems currently used to support regulatory reporting and a better approach to worker screening.

Sustainable funding

Public funds are a major source of funding for care and support services. Government funding is both appropriate and necessary to ensure citizens who do not have the means to purchase services in the private market can access necessary supports. This funding forms part of Australia's social infrastructure.

However, in the face of increasing demand (both in numbers of people needing care and support services and expectations of service levels), there are challenges to continuing to finance care and support the way we currently do.

Australia's care and support programs are funded through current Australian Government revenue, including taxes. Due to demographic changes—an ageing population and decreasing birth rate—there will be a smaller pool of working age people contributing income tax into the future. Ongoing reliance on tax revenue to fund the costs of care and support programs would require increasing tax rates or reducing government spending in other areas.

⁹⁶ Australian Law Reform Commission, '[Regulatory theory](#)'. *For your information: Australian privacy law and practice*, Australian Law Reform Commission, 2010, accessed April 2023.

Government is not the only source of funding for care and support. Under the Child Care Subsidy program and in the aged care sector there are consumer contribution requirements, which are based on the person's capacity to pay. NDIS participants are not required to pay part of the cost of their supports, however self-managed participants may choose to purchase more expensive services and pay the gap.

Current arrangements have evolved over time within each program stream rather than considering best arrangements across care and support programs. This is not to suggest that a uniform approach to consumer contributions across programs is warranted. There are good reasons for different approaches for programs accessed at different times across a person's lifespan, or accessed in varying circumstances.

The use of sliding scales based on a person or family's ability to pay is a commonly used mechanism in Australia's social assistance landscape. This helps ensure that public funding is directed to those who need it most. It is important to maintain the vital social infrastructure role of the care and support economy, consistent with the Australian value of a 'fair go'.

A national conversation about long-term sustainability

The forecast for significantly increasing costs across the care and support economy is a significant issue for the Australian Government's budget and intergenerational fairness.

While this strategy proposes a number of actions and policy goals to improve services and make them sustainable, it is still all but certain that the costs of these services will significantly increase as a proportion of the government's budget.

This means that there needs to be a broader national conversation about the expectations on government-funded service provision and the relative contribution between governments and individuals. This should include questions such as:

- What is the appropriate level of service governments should fund? What level of care and support do people need, which might be different from what they want?
- Should governments fund a universal, minimum standard of care and support, but allow people to purchase a higher level of care and support where they are able to? If so, what is the minimum standard of care and support governments should fund?
- More broadly, what is the appropriate mix of funding for quality services between government and individuals (noting this is likely to vary between specific services)?
- If Australians as a whole do expect the government to fund a high level of care and support services, would they accept an increase in taxation or a reduction in other government services to pay for this?

These are complex questions that cannot be answered quickly or easily. This Strategy is an opportunity to start a national conversation that will begin to address them.

Objective 3.1

Government investment and expenditure in the care and support economy is effective and sustainable, with fair and reasonable consumer contributions where appropriate

How will we get there?

Reforms across the care and support economy will need to consider the sustainability of investment. This Strategy is intended to support a national conversation and further policy consideration of the sustainability of all care and support services.

Appendix 1: Text description of roadmap

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Roadmap – The National Care and Support Economy Strategy 2023

A sustainable and productive care and support economy that delivers quality care and support with decent jobs

Goals

Quality care and support

Person-centred services that recognise those accessing care and support as individuals and deliver quality outcomes

Decent jobs

Secure, safe jobs with decent wages, conditions and opportunities for career progression

Productive and sustainable

A care and support economy that has functioning markets, sustainable funding and generates productivity gains

Strategy delivery

Commence (mid 2023)

- National Strategy for Care and Support Economy
- Priority Workforce Initiatives Action Plan

Horizon 1 (by June 2024)

Horizon 1 Action Plans:

- Regulatory review
- Data standards
- Worker safety

- Establish governance, monitoring and evaluation framework
- Commence priority projects
- Evaluation of existing care and support initiatives

Upcoming complementary strategies, reports and reviews (to June 2024)

- National Vision for Early Childhood Education and Care
- Disability Royal Commission
- NDIS Review
- Employment White Paper
- National Strategy to Achieve Gender Equality
- NDIS Workforce Strategy
- ACCC Child Care Pricing Inquiry
- Early Years Strategy
- Royal Commission into Defence and Veteran Suicide
- Productivity Commission inquiry into Early Childhood Education and Care

Horizon 2 (by June 2026)

Horizon 2 Action Plans:

- Innovation
 - Pricing and market design
 - Transparency
-
- Implement Horizon 1 and 2 initiatives
 - Incorporate future complementary strategies, reports and reviews
 - Ongoing evaluation and closing of individual projects

Horizon 3 (to June 2033)

- Determine new policy priorities
 - Develop new action plans
-
- Ongoing implementation or closure of Horizon 1 initiatives
 - Implement Horizon 2 initiatives
 - Incorporate future complementary strategies, reports and reviews
 - Ongoing evaluation

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Australian Government

Department of the Prime Minister and Cabinet