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Senate Select Committee on Work and Care

Inquiry into the impact that combining work and care responsibilities has on the wellbeing of workers, carers, and those they care for.

Prepared by:

7 September 2022

Authorisation

Senate Select Committee on Work and Care

This submission is being made by The National Foundation for Australian Women (NFAW).

NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

We understand the focus on work and care to apply to both the intersection of workplace laws with informal caring responsibilities, but also the intersection of the workplace laws with employment in the care sector. Indeed, there is considerable overlap between these issues, as formal employment in the care sector is often designed so that it is one of a limited number of options available to those with informal caring responsibilities.

In this submission we address some of the issues that carers face in balancing work and employment. An area that we believe needs urgent and thoughtful reform is the effect that the IR system has on working conditions for carers juggling paid and unpaid work. We have applied a gender lens to our analysis, and as such the entire submission should be read as addressing gendered differences in experience and in potential responses and the experience of informal carers (ToR (g) and (h)).

With this focus in mind, in NFAW's view a three-part approach to reform of the industrial relations system is needed, and is set out in our response to ToR (c) and (e):

- *First, tighten the safety net.* A raft of amendments is required to rebalance the Fair Work Act, which has been deliberately skewed to favour employers at the expense of employees generally and of women in particular. Many of these amendments are part of Labor's pre-election commitments and should be legislated quickly.
- *Second, prevent employers from moving employment outside the safety net* through arms-length arrangements such as gig work and sham contracting. Again, Labor has pre-election commitments to making the relevant amendments, which should be legislated as soon as possible.
- *Third, make the safety net gender neutral.* In the longer term, Government should examine the scope to re-design the industrial relations system so that it no longer reflects the gendered assumption that a 38-hour week is 'normal' and 'full-time', and that all shorter hours employment is a deviation from that norm and so subject to inferior employment protections, conditions, training and career paths.

Other barriers faced by women juggling work and care are addressed in our comments in relation to ToR (d) and (f). We have not made comment on the specific experience of regional and First Nations carers, or the experience of the disabled and their carers (ToR (g) to (i)).

Recommendations

Recommendation 1: Recognition of carers other than parents:

We note the Productivity Commission review currently underway into Carer Leave, and we recommend that the *Fair Work Act (2009)* be amended to provide carers within the meaning of the *Carers Recognition Act (2010)* with similar leave and return to work requirements as parents.

Recommendation 2. Tightening the safety net

In addition to election commitments already made by the ALP Government, NFAW also recommends:

- a. making authenticated records of the payment of casual loadings part of the new definition of casual employment
- b. reviewing the full range of [award changes](#) in the care sector that have effectively reduced widened the scope for using permanent part-time employment as casual work without the necessity for a casual loading, and often without overtime rates
- c. inserting 'gender equality' into the objectives and tests of the award review process
- d. implementing the recommendations of the Royal Commission on Aged care in relation implementing a qualifications and skills framework to address current and future competency and skill requirements; creating longer-term career paths for aged care workers; and standardising job titles, job designs, job grades and job definitions for the sector
- e. substantially revising current bargaining provisions to remove scope for the unilateral termination of awards and to enable multi-business and industry level bargaining in grant-dependent and other low paid sectors.

Recommendation 3: preventing employers from moving employment outside the safety net

In addition to commitments already made by the ALP Government, NFAW also recommends:

- a. implementing recommendation 87 of the Aged Care Royal Commission which calls on providers to preference direct employment of personal care and nursing service workers, and to establish quality reviews of compliance with this arrangement. Corresponding measures should be taken to address the growth of contracting and gig economy employment in the disability sector.
- b. Amending the Fair Work Act to lower the intent threshold in relation to misrepresenting employment as an independent contracting arrangement
- c. significantly strengthening the wage theft regime, as proposed in NFAW recommendations to the Senate Economics References Committee ([Submission to the Fair Work Amendment \(Supporting Australia's Jobs and Economic Recovery\) Bill 2020](#) submission 82).
- d. giving victims of sham contracting access to the same court and tribunal proceedings as those proposed for victims of wage theft more generally.

Recommendation 4: Making the safety net gender neutral

NFAW urges the Government to examine the scope to re-design the industrial relations system from the ground up, so that it no longer reflects the gendered assumption that a 38-hour week is 'normal' and 'full-time', and that all shorter hours employment is a deviation from that norm and so subject to inferior employment protections, conditions, training and career paths. To this end

- a. The National Employment Standards need to be reviewed. The government should, for example, proceed with its election commitment to examine portable personal and annual leave schemes for temporary workers.
- b. Terms and conditions set by awards would also need to be reviewed by the FWC and in particular by Labor's proposed new Care and Community Sector Panel – to ensure, for example that shorter hours workers receive the same minimum hours, penalty rates and overtime rates of pay as longer hours workers in their industry, and that temporary workers receive the same base rates of pay for the same job as ongoing workers.
- c. Workplace agreements and practices should also need to be reviewed to ensure that they are consistent with the revised NES.

Recommendations 5 & 6: Improving Access to Childcare

5. NFAW supports measures that will:
 - a. increase child care subsidies to improve the affordability of child care
 - b. better regulate ECEC providers' fee charging practices and provision of flexible sessions of care
 - c. provide greater flexibility and accessibility of care, particularly in disadvantaged communities, regional and remote areas and vulnerable families, as well as shift workers and single parents who face particular challenges in balancing work and care commitments
 - d. provide ongoing funding for universal access to preschool in the year before full-time school, as well as support for state and territory governments implementing universal access to preschool for 3 year olds (a program starting two years before full-time school)
 - e. help fund wage increases and better conditions for ECEC educators.
6. While the NFAW recognises the need for a progressive system of support for families accessing subsidised ECEC in the short and medium term (with more support provided to those who need it most), we also support the goal of universal, free ECEC for all children in the longer term. This commitment should be part of a 10-15 year productivity agenda for long-term social and economic well-being across Australia, including measures to support child and family well-being.

Recommendations 7 & 8: Enhancing the Paid Parental Leave Scheme

7. In the short term, the NFAW supports a review of the PPL scheme instituted in 2009, with particular reference to Australia's comparatively low level of PPL support by international standards, and the relatively low uptake of the PPL scheme by non-public sector employers and by fathers.
8. In the longer term, the NFAW proposes:
 - a. a more generous PPL scheme of at least 26 weeks of PPL to be shared by both partners
 - b. PPL paid at an average wage, split between the Australian Government and employers
 - c. the ability for parents to split parental leave pay into blocks of time over the first 2 years of a child's life should be extended to include flexible access to unpaid leave over this period.
 - d. an additional allocation of non-transferable paid leave should be available to the "Dad or Partner", and to sole parents.

Recommendation 9: Protecting the rights of employees working from home

- a. Occupational safety and health obligations for employers must be enforced in respect of employees working remotely. Employers should be required to audit home work stations and provide necessary equipment.

- b. Employees should be compensated for the cost of working from a home office through appropriate adjustments to relevant Awards and Workplace Agreements.

Discussion

The Committee will be well aware that the intersection of work and care requires a wide-ranging inquiry. NFAW has addressed aspects of the topic in a number of recent Parliamentary inquiries into matters such as [job insecurity](#), [wage theft](#), [gender equality in workplaces](#), and the [government response to COVID, including amendments to the Fair Work Act](#) proposed and, in respect of the *Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Bill 2020* passed by the previous government (submission 82).

If these inquiries have yielded virtually nothing positive by way of actual reform, they have at least left NFAW with a body of research and a set of policy positions and recommendations on which we have drawn in the following submission. While we will synthesise and cite material previously provided to the Parliament in the following discussion, our focus here will be on broader, systemic and forward-looking reform.

Finally, we note that the demographic patterns established by the current work/care settings have been significantly shifted by the impact of COVID and of the recent supply chain and skill shortage issues. Both pre-2020 long term trends and the impact of COVID are highly relevant to this inquiry, and we will draw on pre-2020 and current data accordingly.

a) the extent and nature of the combination of work and care across Australia and the impact of changes in demographic and labour force patterns on work-care arrangements in recent decades;

Women's workforce participation rates have increased significantly since the 1970's with the female workforce participation rate of 62.2% in July 2022 (ABS). The rate of part time work among women remains high relative to other OECD countries. In 2019 36.2% of women in the Australian workforce worked part-time compared to an OECD average of 24.1% (OECD).

In 2020 NFAW commissioned a paper on the care economy (attached as Appendix 1). At that time, data from the ABS (2020) indicated that 923,000 people with caring responsibilities reported that they wanted to work more hours. Approximately two-thirds of these are women, and approximately half cared for children under the age of 5.

At that time Informal primary carers for aged and disabled people provided an average of 35.2 hours of care per week (152 hours per month), while non-primary carers provide an average of 10 hours per week (43 hours per month) (Deloitte, 2020).

This data does not reflect the changes imposed on carers by the COVID pandemic, particularly in respect of carers who were engaged in home schooling or caring for vulnerable family members.

We note that the official data on informal care is limited as it has not been collected systematically. We welcome the reinstatement of the ABS Time Use Survey and look forward to being able to access comprehensive data on how Australians use their time, particularly in respect to the balance of work and care.

b) the impact of combining various types of work and care (including of children, the aged, those with disability) upon the well-being of workers, carers and those they care for;

The prevailing economic system does not give adequate recognition to the value of care, whether paid or unpaid. In this section we will primarily deal with the consequences to workers combining paid work with unpaid care.

In 2013 the Australian Human Rights Commission (AHRC) published its report “Investing in care: Recognising and valuing those who care” (AHRC, 2013). This report set out the social, economic and business case for ensuring that unpaid carers, the majority of whom are women, are recognised and that they are provided with genuine choices when combining paid work with unpaid care. The AHRC made a number of recommendations, and recommended strategies for employers to assist them in providing support for employees who also have care responsibilities.

There is little evidence of the extent to which individual employers have acted on these recommendations. Workplace Gender Equality Agency (WGEA) data tracks the performance of those employers who are required to report, but much of the focus is on parental leave, which has rights clearly defined in legislation. While the WGEA dataset does not include businesses with fewer than 100 employees it is encouraging to see that larger employers are developing programs to assist parents following their return to work, and that community attitudes and workplace cultures are shifting to be supportive of parental leave. However employees need more than flexible work to balance work and care (Hokke et al, 2021), and workplace policies and culture must be designed to provide support to carers.

There is little evidence on the wellbeing of informal care providers for other care recipients. Moussa (2019) undertook a systematic literature review on the relationship between labour market participation and informal care responsibilities, and reported that the majority of informal elder care givers are women in mid-life caring for parents who do not reside with them and that these carers are likely to reduce their working hours relative to workers without caring obligations, with adverse consequences on their superannuation. Women without children, a group at high risk of housing insecurity, are often expected to take on the primary care role (Hamilton M et al, 2021). Lower workforce participation at this stage of life can have serious outcomes on economic security in retirement.

There is a growing recognition in workplaces of the needs of parents but the same cannot be said of carers caring for other care recipients. Importantly, carers who are not eligible as parents do not have the same rights under the *Fair Work Act (2009)* as parents. While eligible to request flexible work (s.65), they are not entitled to extended leave with the right to return to the same position.

Recommendation:

1. We note the Productivity Commission review currently underway into Carer Leave, and we recommend that the *Fair Work Act (2009)* be amended to provide carers within the meaning of the *Carers Recognition Act (2010)* with similar leave and return to work requirements as parents.

- c) the adequacy of workplace laws in relation to work and care and proposals for reform; and**
f) consideration of the impact on work and care of different hours and conditions of work, job security, work flexibility and related workplace arrangements;

In the interest of following a single line of exposition and argument, we propose to address these two terms of reference together. Broadly, we will be arguing that both the intersection of workplace laws with informal caring responsibilities, and the intersection of the workplace laws with employment in the care sector need both immediate and long-term regulatory reform. Without these, carers will continue to be exposed to low wage growth, sector-wide undervaluation of women's jobs and the job insecurity that is used to pin them in place.

Our recommendations will be grouped around measures to tighten the safety net, measures to prevent employers from moving employment outside the safety net, and measures to make the safety net gender neutral.

The current industrial settings around work and care are grounded in a deliberate and longstanding confusion of employer-defined flexibility and flexibility for workers with family responsibilities. For employers, flexibility has meant the use of multiple strategies to maximise numerical flexibility in working hours and employee numbers. The overall effect of these strategies has been to drive employment insecurity, enabling employers to maintain a constant downward pressure on wages and water down responsibilities under the National Employment Standards.

- Strategies that operate to displace secure work within the industrial relations system include unnecessary casualisation of ongoing and systematic work; use of award flexibility provisions to drive irregular and short hours work without casual loadings and overtime rates; and contrived underemployment often resulting in multiple job-holding.
- Strategies that operate to side-step the industrial relations system altogether involve deliberate “fissuring” of parts of the workforce – shedding direct employees and creating intermediaries between workers and the corporation profiting from the work performed. These strategies include:
 - outsourcing through labour hire (arm's length through a second employer)
 - short-term contracting
 - sham contracting
 - gig economy work or work for platforms, and
 - supply chain procurement.

Historically, numerical flexibility has been justified by leveraging women's characteristic short-hour employment patterns, calling them 'non-standard', and linking them to reduced wages, conditions and employment protections (Vosko 2007; Vosko and MacDonald 2009). Female-dominated awards in the service sector have been particularly exposed to this rationale and his practice; more recently, however, gig work is being deployed in the aged and disability care sectors to move work outside the award framework altogether.

In fact, while it suits employer cost-cutting agendas to treat women's short-hour work requirements as so many calls for numerical flexibility this is not the kind of flexibility typically required by women who are managing work and care. Women actually need to know when they will be working and when they will be available to provide care. They need to know the minimum they will earn to

ensure that the effective marginal tax rate they pay makes financial sense. They are not generally benefitted by ‘flexibilities’ that average their working hours over weeks or months with unpredictable rosters on a daily or weekly basis. They are not generally benefitted by ‘flexibilities’ that allow split shifts over a wide span of daily hours or make weekends and weekdays interchangeable. Nevertheless, those are often the flexibilities that have been built into the system and even called family friendly.

All of these measures drive down the income of those who work in a business, and drive that business’s competitors into taking similar measures. Given the high levels of tolerance currently in place for structures to circumvent safety net obligations, it is not surprising that by 2018 ‘less than half of employed Australians work[ed] in a permanent full-time paid job with leave entitlements’ (Carney and Stanford, 2018, p 1).

In NFAW’s view a three-part approach to system reform is needed:

- *First, tighten the safety net*. A raft of amendments is required to rebalance the Fair Work Act, which has been deliberately skewed to favour employers at the expense of employees generally and of women in particular. Many of these amendments are part of Labor’s pre-election commitments and should be legislated quickly.
- *Second, prevent employers from trying to move employment outside the safety net* through arms-length arrangements such as gig work and sham contracting. Again, Labor has pre-election commitments to making the relevant amendments, which should be legislated as soon as possible.
- *Third, make the safety net gender neutral*. In the longer term, Government should examine the scope to re-design the industrial relations system so that it no longer reflects the gendered assumption that a 38-hour week is ‘normal’ and ‘full-time’, and that all shorter hours employment is a deviation from that norm and so subject to inferior employment protections, conditions, training and career paths.

1. Tightening the safety net

• Casual employment

Industrial awards and agreements commonly define a ‘casual employee’ as ‘one who is engaged and paid as such as such’. The extent of casual employment is measured by the absence of any paid leave entitlement. The absence of such an entitlement is meant to be compensated for the payment of a casual loading. In 2019, for all employees aged 15 years and over, 26.4% of women compared to 22.5% of men had no paid leave entitlements (ABS 2020). Women in their reproductive years were the most likely to be employed casually, at 36.3%.

In previous submissions we have provided evidence that:

- In practice, casual work appears to be less about actual flexibility than about constructive job insecurity – the data shows that only about 6% of leave deprived workers are being used flexibly, as a ‘narrowly-defined casual’, and that the number of ‘broadly-defined (variable hours) casuals’ is likely to be around only 47% of leave-deprived workers (Peetz 2020, pp. 1 and 17). Data cited by the [Parliamentary Library](#) shows that in August 2020 only 43.8% of leave deprived employees actually reported having variable hours of work;

- the casual loading is not adequate compensation. According to the Fair Work Commission, while it 'notionally compensates for the financial benefits of those NES entitlements which are not applicable to casuals, this does not take into account the detriments which the evidence has demonstrated may attach to the absence of such benefits particularly for adult long-term casuals who are financially dependent on their casual employment. These include attending work while sick, not taking recreational leave because of concerns about whether any absence from work will endanger future employment, the incapacity to properly balance work and attending to personal and caring responsibilities and commitments, changes in working hours without notice, and potential for the sudden loss of what had been regular work without any proper notice or adjustment payment. Additionally, there are other detriments associated with casual employment of this nature, including the lack of a career path, diminished access to training and workplace participation, poorer health and safety outcomes and the inability to obtain loans from financial institutions' ([2017] FWCFB 3541, para 366);
- the casual loading is more often unpaid than paid -- fewer than half of all casual employees actually receive 'casual loadings' to compensate for loss of paid leave entitlements (Peetz 2020, p. 7);
- contrary to the assumption that casual workers receive extra wages to offset their insecurity and lack of entitlements, median wages for casual staff are 26% lower than for permanent employees. That is, low-wage casuals receive a wage 'penalty', given their skills, experience and the like, even though the casual loading should have had the opposite effect for those who received it (Laß and Wooden, 2019).

To the extent that casual work is adapted to the needs of employees with regular caring responsibilities, it is most likely to do so by offering ongoing and predictable work. When *Skene (WorkPac Pty Ltd v Skene)* (2018) 264 FCR 536 and *Rossato (WorkPac Pty Ltd v Rossato)* [2020] FCAFC 84) found that ongoing and regular casual workers could have common law rights to sick and holiday leave, the then Government passed the Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Act 2021 (Cth), Act (the FW SAJER Act) to remove those rights. It legislated a 'definition' of casual employment which was effectively a deeming mechanism. Casual employment is now defined by the absence of a firm commitment to ongoing work in the employment offer rather than what actually occurs at the workplace.

The FW SAJER Act was thus designed to enable employers to treat ongoing regular employees as if they were casual without incurring any financial liability under common law. The effect of these provisions is to license constructive impermanency and the downward pressure on wages demonstrated by casual employment generally. As the Fair Work Commission itself has pointed out, where

there is no constraint on the employer choosing to engage as casuals persons who equally might readily be engaged as permanent full-time or part-time employees under the terms of the modern award ... the lack of any such constraint creates the potential to render the NES [National Employment Standards] irrelevant to a significant proportion of the workforce. ([2017] FWCFB 3541, para 367).

Nevertheless, this is now for all practical purposes the schema of the FW Act. In the debate on the FW SAJER Bill the [government speaker](#)s reiterated a talking point stating that the bill would provide deemed casuals with 'a statutory pathway to permanent full-time or part-time jobs if they wish.' Actually, the wishes of deemed casuals have little to do with it. Those who work in small businesses

are excluded from conversion rights altogether. The remaining casuals are able to *refuse* an offer of conversion, but they *cannot compel one*. Employers have the right both to pre-emptively refuse to make such an offer and the right to refuse to agree to a request for conversion from employees.

There are provisions for pressing employers to reconsider an ‘unreasonable’ refusal, initially through their own workplace dispute resolution processes and then through Fair Work Commission (FWC) conciliation or small claims courts. These provisions, like the rest of the legislation, conspicuously ignore the disabilities of casual employment. Applicants for conversion are by definition subject to termination at the end of any shift. The likelihood of any casual’s applying for conversion, being refused, and then pursuing the unreasonableness of a refusal through their own workplace dispute resolution process and on to the FWC or the court is vanishingly small if what they are seeking in the first place is increased employment security.

According to the [AiGroup](#), under the previous award-based conversion provisions there had been virtually no disputes from employees about the refusal of their requests to convert (pp.17-18).

- **The operation of the FW SAJER Act**

The FW SAJER Act came into effect on the 26th of March 2021. Data on the incidence of casual employment since that time is complicated by three factors. The first is the pattern of lockdowns associated with COVID. The second is the impact of the JobKeeper provisions on casual employment. The third is the deadline set by the Act for employer offers of permanency to existing employees.

COVID-related unemployment during the relevant period broadly took the form of two waves. Initial job losses occurred between February 2020 and May 2020. Between May 2020 and May 2021 there was a progressive recovery and lockdowns were relaxed in most states. The second wave of lockdowns began in May/June of 2021 and lasted through October.

JobKeeper was the first and the most widespread employment measure introduced in response to COVID, and therefore the most likely to influence employer decisions reflected in aggregate data. From the end of March 2020 until the end of March 2021 eligible businesses and not-for-profits were able to receive tapering payments per fortnight per eligible employee to cover the cost of wages. Among casuals, only those employees who had been with their employer on a regular and systematic basis for at least the previous 12 months were eligible for the JobKeeper payment.

In order to be eligible for the first tranche of conversion offers under the FW SAJER Act, ongoing casuals who worked a regular pattern of hours had to have been employed by September 6, 2020. Thanks to JobKeeper, by the September 27, 2021 deadline for initial offers of conversion, much of the casual workforce who would have qualified were well known to their employers.

Table 1 maps these factors against the nearest available ABS data point on the numbers of casuals employed.

Table 1: Casual employment indexed to pre-Covid levels, COVID waves, JobKeeper, and trigger dates set under the Act

	Employees with paid leave entitlements	Casual employees (2020 Index)	
Nov 2019	99.0	100.0	
Feb 2020	100.0	100.0	
May 2020	97.4	79.4	March 2020 First round of COVID lockdowns 30 March 2020 JobKeeper -- only long term and systematic casuals covered.
Aug 2020	98.5	88.0	6 September 2021 -- cut-off for eligibility for first casual conversion offers under the FW SAJER Act.
Nov 2020	100.1	94.4	
Feb 2021	100.9	95.2	26 March passage of <i>Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Act 2021 (Cth) (the Act)</i> .
May 2021	101.7	99.1	28 March 2021 -- JobKeeper ceases. May – June 2021 - second round of COVID lockdowns begins
Aug 2021	100.8	92.5	
Nov 2021	103.0	96.3	27 September 2021 -- employer deadline for casual conversion letter to all long-term casuals prior to March 2021 October 2021 Sydney and Melbourne released from lockdown
Feb 2022	104.9	97.7	

Source: [ABS](#), Charts on casual employment, occupation and industry, February 2022

- **Impact of the FW SAJER Act on casual employment**

The rapid rebound in casual employment following the first tranche of lockdowns (from May 2020 through May 2021) indicates that structures of precarious employment were quickly rebuilt as the economy began to re-open. In fact, the surge in casual jobs during that period (with over one-half

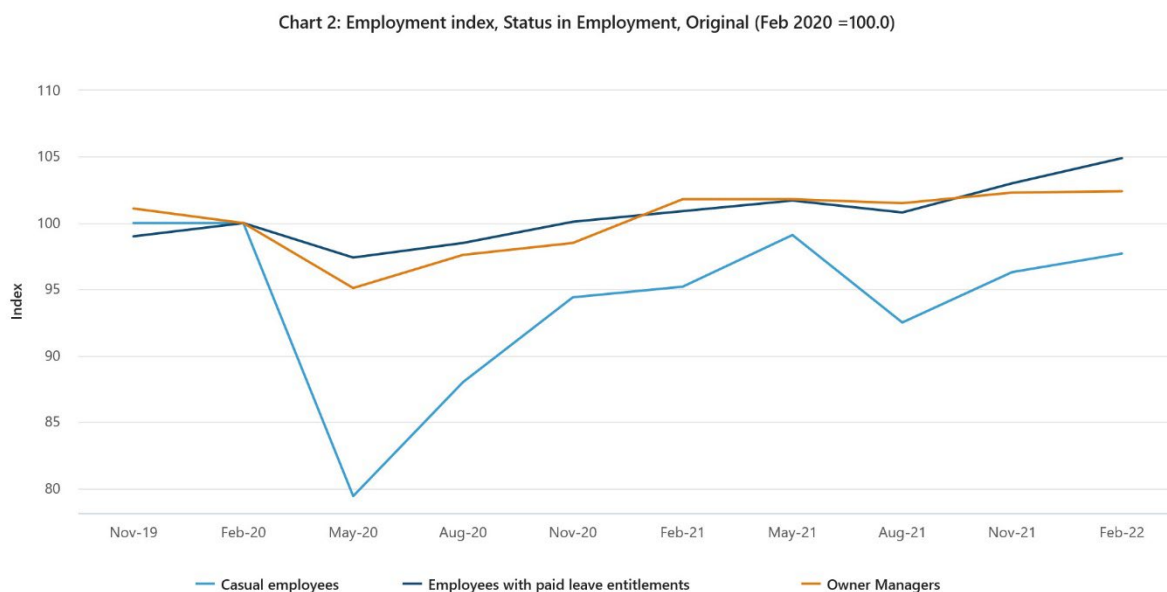
million casual jobs created in 12 months) represents the largest and fastest expansion of casual employment in Australia’s history (19.7pp on the index).

This surge in casual employment largely preceded the FW SAJER Act, and appears to substantially controvert employers’ complaints about the employment impact of any legal uncertainty resulting from Skene. By the time the FW SAJER Act had been passed, and prior to the second wave of lockdowns, casual employment was on its way from around 95 percent of pre-covid levels to the May 2021 high of 99.1 %.

- **Impact of the conversion provisions**

Under the FW SAJER Act, employers were required to write to eligible employees about whether they would or would not be offered casual conversion by 27 September 2021.

In the Regulatory Impact Statement for original bill, the government had estimated that 540,000 casual employees would be likely to receive an offer of conversion in the initial year. This was roughly a quarter of all casual employees. In the period following the deadline for conversion offers, the number of casual employees grew by .6 of a percentage point on the 2020 index and the number of permanent employees grew by 1.9 percentage points.



Source: Labour Force, Australia, Detailed, Datacube EQ04

Source: Australian Bureau of Statistics, Charts on casual employment, occupation and industry, February 2022 24/03/2022

There is no indication in the aggregate data what proportion, if any, of the new permanent employees had been converted from casual, as the trend was established before the deadline and was apparently unaffected after it. It is clear, however, that the great majority of the 25 % of all casuals eligible for conversion did not change their status as a consequence of the new casual conversion provisions.

There is a broad question as to whether the dubious impact of the conversion provisions resulted from the unwillingness of employees to accept conversion or from the failure of employers to offer conversion.

- *The unwillingness of employees to accept conversion.*

While employers such as the [Chamber of Commerce and Industry WA](#) argued in the lead up to the Act that ‘most employees [are] preferring to remain casual due to the increased flexibility and the immediate benefit derived from the casual loading’, ABS [data from 2007](#) (not subsequently updated) indicates that about half of all casual employees would, on the contrary, prefer to be in regular permanent work if given the choice.

More recently, the United Workers Union (UWU) provided survey findings to the [Senate Committee](#) considering the FW SAJER Bill that more than three quarters of hospitality workers wanted a permanent job and (post-pandemic) more than half said permanency was extremely important to them (para 3.30). It is not reasonable to assume that those casual employees eligible for conversion under the FW SAJER Act, being by definition both long term and regular, would be likely to decline conversion in order to sustain a non-existent flexibility.

Given the data cited above that fewer than half of all casual employees receive any casual loading, and given that median wages for casual staff are 26% lower than for permanent employees doing the same work, we are equally disinclined to accept employer arguments that most casual employees prefer the wage benefits of casual employment.

- *The failure of employers to offer conversion*

A more likely hypothesis is that employers either did not write to eligible employees about casual conversion by the 27 September 2021 deadline at all, or that they exercised their right to issue letters pre-emptively refusing to make conversion offers.

Government estimates of 540,000 eligible casuals in the Regulatory Impact Statement appear to have been based on the numbers of long-term casual employees in regular and ongoing employment. At that stage the bill applied to all businesses. Subsequently workplaces of 15 or fewer employees were excluded following a [One Nations amendment](#) on the ground that this would ‘take the load off small business paperwork’.

The [Ai group](#) has clarified that over 51.4% of casuals work for small businesses with fewer than 20 employees. Although the size thresholds do not match, it is clear that the exclusion of employees in businesses with fewer than 15 employees means that a very significant proportion of regular and ongoing casual employees can never expect to receive offers of casual conversion under the provisions of the FW SAJER Act. As these smaller businesses tend to be in the retail and hospitality industries, a significant proportion of the excluded employees are likely to be women whose caring responsibilities require short-hour working patterns.

NFAW has no aggregate data to shed light on the conduct of the remaining employers -- those to whom the conversion provisions actually applied. Undoubtedly a proportion of them did not comply with the legislation due to ignorance of the requirement or unwillingness to act. Given the propensity of some employer groups to [blame ongoing underpayment of casuals on ignorance or confusion about award requirements](#), further ignorance or confusion about casual conversion obligations could be expected. Employers would not, however, have experienced much confusion about which of their casual employees were eligible for conversion, having already identified all of the employees concerned in order to receive JobKeeper support.

Undoubtedly a significant proportion of relevant employers simply exercised their right to issue letters refusing to make conversion offers. Despite the general scarcity of published data on this matter, supporting data is available for from the university sector.

- *Casual conversion in the university sector*

Data on casualisation is difficult to establish in the university sector. [WGEA](#) – which counts actual employees rather than FTE -- put it at 44.6 % at the close of the 2017-18 financial year, before the impact of COVID.

A recent Senate [report on Unlawful underpayment](#) of employees' remuneration has confirmed that in at least 21 of Australia's 40 universities these casuals had been the primary victims of underpayment sufficiently egregious to have made them the subject of a number of investigations conducted by the Fair Work Ombudsman (para 1.58).

As is commonly the case, university employers had advised the Committee that the systematic underpayment of casuals was the result of confusion in their industrial instrument (para 3.26). According to the NTEU,

Some of the university submissions claim that the employment arrangements are complex and difficult to administer, yet each of these employers has negotiated them into their own university-specific enterprise agreements. These are not small business cafe owners navigating an industry award. They are large enterprises with sophisticated personnel resources who are claiming an inability to administer clauses they themselves negotiated. That claims just does not stand up. (Senate Economics References Committee, 2022, para 4.18)

Universities were greatly exposed to financial impact of COVID as a consequence of their dependence on overseas students. Universities were also excluded from JobKeeper. A recent Senate report estimated that around 40,000 positions, particularly casuals, had been lost in the sector (Senate Economics References Committee, 2022, para 4.8). By the end of the 2019 financial year WGEA set the percentage of casuals in the industry at 40.7%. The persistence of international border closures also meant that the recovery did not embrace universities, meaning that the remaining casuals must have been reasonably core staff.

Such was the situation when universities were required under the provisions of the FW SAJER Act to write to their long-term regular casual employees about casual conversion. According to a subsequent survey conducted by the NTEU, six months after the deadline for the conversion letter [less than two percent](#) of casual staff had been found to meet the requirements to be converted to permanency, and [as few as 1% of casual](#) staff had actually been converted to permanent roles. At the University of Newcastle, for example, five of 2,300 casual staff had been converted to full-time work.

The underpinning reasons for the mass ineligibility more than a third of the university workforce are unclear. The unions say that universities rely on a casualised and systematically underpaid workforce as part of a business model imposed on them by the underfunding of the sector (Senate Economics References Committee, 2022, pp. 83ff). The [universities](#) say that they do not want to undermine the tenure system.

Whatever the drivers of the current levels of casualisation, the technical reasons are that universities can always pre-emptively [refuse conversions](#) on the grounds that they do not know whether

particular courses will continue to be taught, and/or that trimester-based teaching does not fit the 'ongoing and regular pattern of hours' called for under the FW SAJER Act. At the University of Newcastle, for example, it is [reported](#) that 'almost all casual staff' were advised by email that the University:

would not be making them an offer of full-time or part-time employment because they had not worked the required regular pattern of hours on an ongoing basis for six months, and/or it would have to provide them with duties it didn't need them to perform.

It is extremely difficult to frame a casual conversion entitlement that cannot be avoided by constructive ineligibility. If regular trimester teaching does not fit the definition, all recurrent teaching – indeed, all seasonal work could be eligible for exclusion. Simply swapping shifts between two current ongoing regular casuals in any industry would exclude both from conversion.

The extent of constructive ineligibility for ongoing employment in the Australian labour market has been canvassed at length by recent [Senate Select Committee on Job Insecurity](#). Suffice it to say here that a government institution such as the Productivity Commission found itself able to recommend, in setting the initial framework for the NDIS, that employers 'keep the number of hours worked by employees low to avoid the risk of a casual conversion occurring' (Productivity Commission, 2011, p 327). NDIS data for 2017 shows that, in percentage terms, the permanent growth rate of the workforce was 1.3% per year; the casual growth rate was 26% per year (National Disability Services, 2018, p 14).

- **irregular hours**

Much has been made by commentators of the fact casual employment as a percentage of the workforce did not grow significantly after the burst in casualisation from 19.4% to 24.3% of the employee workforce between 1990 and 2010 (Charlesworth and Heron 2012, p 1). However, at the same time that massive increases in casualisation began to taper off, the industrial relations system had widened the scope for using permanent part-time employment as casual work without the necessity for a casual loading, and often without overtime rates.

The Fair Work Act 2009 introduced a framework of common National Employment Standards (NES) and tailored modern awards. The NES provides maximum hours standards for full time work, but minimum hours -- critical to part-time and casual employees -- were left to be settled on an industry-by-industry basis through modern awards. Each modern award was limited to 10 allowable matters, and on the ground 'there were trade-offs between the parties around the content in each' (Charlesworth and Heron, 2012, pp 13-14).

Modern awards in feminised industries were negotiated against the background of 15 years of enterprise bargaining that had focussed on the award stripping exercise that was AWAs, and enterprise agreements based on trading employer-oriented flexibilities for minimal wage increases. The legacy of bargaining 'meant that those in female-dominated industries came to award modernisation negotiations with far poorer working time arrangements in place and a greater reliance on their award safety net to set the terms and conditions of their employment' (Charlesworth and Heron 2012, 4). The 'modernised' awards that emerged feature 'significant and gendered differences in working time minima for workers in feminised industries.'

As noted above, working time minima and predictable working patterns are crucial for women, who form the great majority of casual and part-time workers. Women's work may be 'non-standard' when measured against a traditional male norm, but it is standard for women: women constitute [38.4% of all full-time employees and 68.5% of all part-time employees](#) [2]

At the same time, it is deliberate myth-making to imply that the numerical flexibilities that benefit employers are the same flexibilities that benefit for women – though the two are often conveniently conflated by employer associations. Steady and substantive minimum hours of work and a reliable working pattern represent basic income security to women and set a floor to the transaction costs of working, such as the expense and time in travelling to work. Most importantly, they assist in the planning of caring arrangements – which is the reason why most women are working ‘non-standard’ hours to begin with (Charlesworth and Heron 2012, 14-15).

There is little data to be had on the operation of flexible hours provisions following cuts to the ABS and the Australian Workplace Industrial Relations Survey; and the triennial report on agreement-making has shrunk from 435 pages in the 1994 Annual Report on Enterprise Bargaining to [55](#) pages in a triennial report now. However, there is a very useful comparative study of the award framework for flexible hours in the Aged Care and the Social, Community, Home Care and Disability sectors, and manufacturing sector (Charlesworth and Heron, 2012).

The 2012 study goes systematically through the key male and female-dominated awards in 2012, as they emerged from the ‘modernisation’ process, covering minimum engagements, contracted hours and notice of change, span of hours and shift penalties, overtime penalties and access to casual conversion. We will not take the Committee through the details of the respective awards, except to say that women were systematically considered to require less protection and less compensation for irregular working hours than men (pp 16ff).

While there is no systemic data on how awards are operating in practice, there have been anecdotal reports from unions about the practice in female-dominated sectors:

Working time insecurity in the form of irregular or fragmented hours is common in industries and sectors such as retail, hospitality, and health services. In these sectors employers have sought to enhance flexibility and reduce costs by: reducing or removing restrictions on working time arrangements; widening the span of ordinary hours; removing or reducing penalty rates for extended or unsociable hours; and reducing minimum periods of engagement. Lack of predictability of scheduling (on a daily and weekly basis) has further eroded job quality. For example both casual and ‘permanent’ part-time home care workers have highly fragmented working hours. Many of these workers experience multiple short shifts, with long periods of non-pay and no paid breaks. (ACTU 2018, p 2)

These award provisions require further review. They are neither gender neutral in their design nor family friendly in their impact. They are effective in driving a low cost, low quality regime and recent experience suggests that they are equally effective in driving new entrants away from the care sector altogether.

- **Awards in the aged care sector: the Royal Commission’s findings**

The Aged Care Royal Commission found that, in the aged care sector at least, the combination of psychic reward and immigrant exploitation has not been sufficient to meet the demand for carers. In 2016, almost two-thirds of residential facilities (63%) reported a shortage of workers in at least one direct care occupation. Almost half of home care providers reported skills shortages (49%) (Aged Care Royal Commission 2021, Vol 3A, p 374). (At the same time, in annual terms, about one quarter of the disability workforce changed jobs every year (Disability Services Australia 2018, p 18).) COVID has only exacerbated carer shortages.

The Commissioners took the view that something needed to be done to address the poor wages, poorly articulated career paths, and poor working conditions in the industry—all associated with cost-cutting strategies—if workforce pressures were to be addressed

Noting that the only Equal Remuneration claim successfully brought to the FWC under the present legislation was a claim endorsed by the government of the day, the Royal Commission *recommended that the principal funder of aged care, the Australian Government, join in the application* (Aged Care Royal Commission 2021, Vol 3A, p 416).

In relation to awards it recommended

- amending rates of pay through an equal remuneration application to the Fair Work Commission
- and reviewing the qualifications and skills framework to address current and future competency and skill requirements and to create longer-term career paths for aged care workers
- standardising job titles, job designs, job grades and job definitions for the sector ((Aged Care Royal Commission 2021, recommendations 84 and 76).

It also addressed an increasingly common strategy of moving aged care workers out of the award framework altogether (considered below).

The previous government declined, and the current government agreed, to support the equal remuneration case. In the meantime, the growing sector continues to lose employees faster than it can attract new ones.

- **Equal remuneration in care sector awards**

The Aged Royal Commission had history on its side in relation to the current equal remuneration provisions of the Fair Work Act. They do not appear to work unless the ultimate employer—which in the care sector is the employer—wants them to work. Cases in the aged care and child care system have dragged on for years, driven by technical objections, interpretations of the Act calling for comparators in gender segregated work, and the necessity of restarting cases for separate classifications of work and under different sections of the Act. Meanwhile the sector has continued to run on a cost-cutting model so disciplined as to require cutting award protections and conditions for care workers. Like those protections and conditions, the equal remuneration provisions of the Fair Work Act (FW Act) require urgent amendment.

- **multiple job holding**

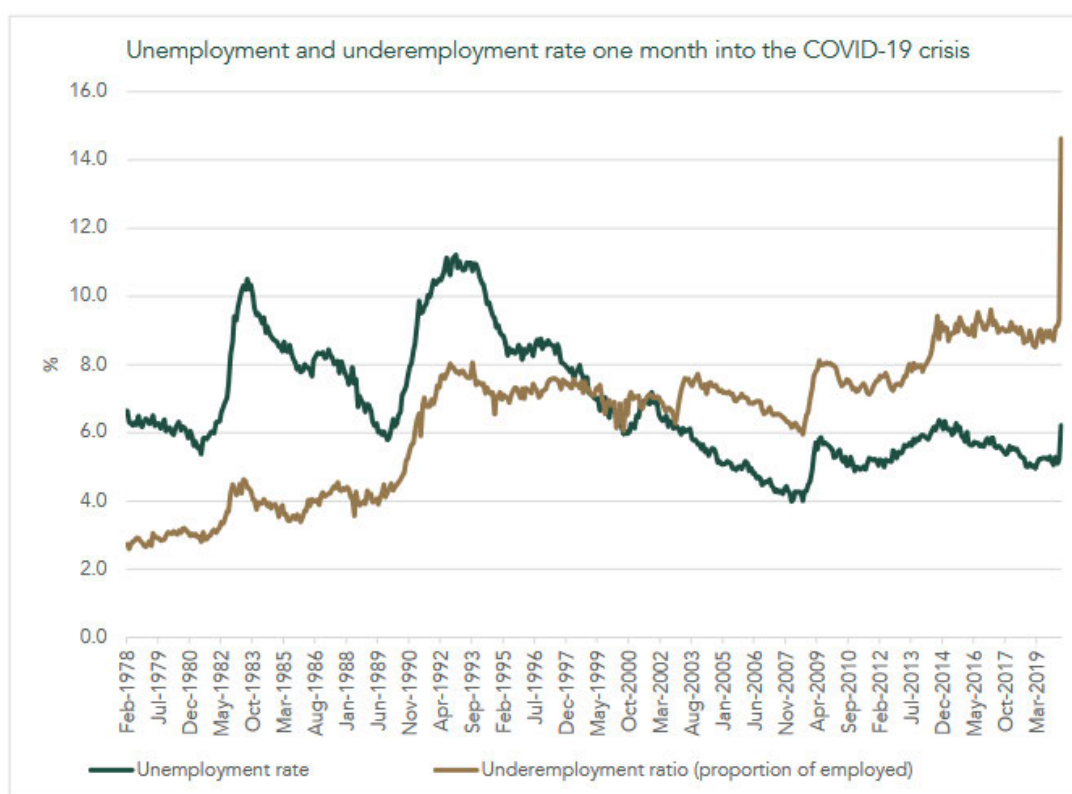
The skewing of industrial relations arrangements in the service of employer-defined flexibilities is closely tied to the problem of underemployment. Some research suggests that prior to COVID, up to 94% of all underemployment was experienced by part time workers (Kifle et al., 2019), up from 88% in 1985 (Matthew Lloyd-Cape 2020, p 16). Pre-COVID, hours worked per employed Australian fell by more than one hour per month over the past five years, to 139.7 hours per month in 2017 (Carney and Stanford 2018, Table 2).

Historically, industries that have a large proportion of part-time workers have also had a higher rate of underemployed workers. These industries also tend to be dominated by women and by younger workers. Underemployment is most commonly experienced in retail, health care and social assistance, accommodation and food services, and education and training (Lloyd-Cape 2020, 15-19). The 2016 Aged Care Workforce Survey similarly found that there had been ‘an increase in the proportion of workers employed for fewer hours’ (Aged Care Royal Commission 2021, Vol 3A, p 427).

Underemployment has no advantages for employees. It is simply all that may be on offer for those whose caring responsibilities mean that they require short-hour work.

It has had five advantages for employers. First, it makes rostering easy. Secondly, it allows employers to put in place very low minimum weekly hours for permanent part-time employees, which, until the recent removal of the floor on superannuation payments, enabled employers to evade paying superannuation. Fourthly, it increases the working time and earnings insecurity of underemployed workers who are then in a weaker bargaining position for wages and (fifthly) dependant on their managers and employers for additional hours of work.

It is therefore unsurprising to see a correlation between the growth in underemployment and the transfer of power to employers in the industrial relations system following first WorkChoices (2005) and then award modernisation under the Fair Work Act (2009) in the graph below (Lloyd-Cape 2020, Figure 7).



Source: Australian Bureau of Statistics, 6202.0 multiple releases

The inadequate hours of work received by many Australians prior to COVID resulted in the growth in the number of multiple job holders. According to the ABS there were over 2.1 million multiple job holders in 2016-17, compared with 1.8 million in 2011-12. Women were more likely to be multiple job holders than males. In 2016-17, 53.7% of multiple job holders were female and 46.3% were male. The multiple job holding rate for women (17.5%) was higher than that for men (13.8%).

Consistent with the pattern linking part-time/casual work, low wages and underemployment to multiple jobholding, the industries in which secondary jobs have been most concentrated are female-dominated: administration and support services, education and training, healthcare and social assistance, accommodation and food services and retail (ABS Cat No 6150.0.55.003 – Labour Account Australia, Quarterly Experimental Estimates, December 2018).

Also consistent with the pattern is the fact that, [according to the ABS](#), those working multiple jobs are paid less than workers with a single job. This is consistent with qualitative research in the care sector which found that ‘most employees linked their unpaid overtime to job insecurity and some reported responding to pressure to complete additional unpaid tasks at clients’ request because they feared losing shifts if a client requested a different support worker’ (Macdonald et al 2018, p 92). The figures show that the median wage for workers with a single job was \$48,028 in 2015-16 compared to \$39,813 in the same year for those who had to hold multiple jobs to survive. Many of these are the women whose overtime was to be removed under the Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) bill in the name of economic growth.

In addition to being paid less, workers with multiple jobs often must contend increased travel costs – reported by Macdonald and Charlesworth in 2016 (p 13) and later by the Aged Care Royal Commission (Vol 3A, p 425) -- and in some cases part or all of the travel itself does not even count as work time (MacDonald et al 2018, p 88).

- **The NDIS: a case study in multiple jobs**

There has been an increasing emphasis on individual client agency and home-based care provision in the aged and disability care sectors aimed at ensuring that those receiving support have greater control and choice to determine not only what service is provided but how, when and by whom. In practice, this means that the person can choose to have the National Disability Insurance Agency (NDIA) manage their funding while they choose their preferred service providers, they can opt to manage their funding and arrange their own supports, or they can appoint a person or organisation to manage their funding and supports (National Disability Insurance Scheme (Plan Management) Rules, 2013).

The NDIS blueprint came out of the Productivity Commission’s (PC) 18-month long inquiry into Disability Care and Support (2011). The Report’s strong message was that the model of self-directed care and the award safety net framework were likely to prove incompatible, and that the interests of employees would have to give way in the interests of ‘sustainability’. It argued, as noted above, that employers could ‘keep the number of hours worked by employees low to avoid the risk of a casual conversion occurring (Productivity Commission 2011, p 327). NDIS data for 2017 shows that, in percentage terms, the permanent growth rate of the workforce was 1.3% per year; the casual growth rate was 26% per year (National Disability Services 2018, p 14).

That kind of reasoning has driven the progressive restructuring of the sector to force arms-length providers beyond efficiency into cost-cutting:

Funding for the personal support provided by DSWs [Disability Support Workers] is determined on the basis of an hourly price, varied in some circumstances. Recent study suggests this fee has been set too low to enable the minimum SCHADS Award conditions to be met for DSWs (Cortis et al., 2017). The study also found that the pricing model did not reflect existing employees’ classification levels and provided inadequate allowance for training, workers’ time not spent providing face-to-face support (3 minutes an hour), travel between clients (providers can include a 20-minute journey but without any adjustment for support to be provided), and supervision (both levels and workloads). These assessments are supported by findings of an employer survey in which two-thirds of respondents disagreed with the statement ‘NDIS prices enable us to meet our industrial obligations’ (Cortis and Blaxland, 2017: 3). (Macdonald et al 2018, p 85)

Individual contracting by clients could circumvent these 'inflexibilities' by pushing provision out of the industrial relations framework altogether. According to the PC, direct contracting by people with disability would circumvent some award minima (2011, Appendix F, p 2) and 'involve no superannuation, tax withholding or OH&S obligations' (2011, p 379). Further, the PC noted, individual contracting would enable those requiring care to draw 'the so-called 'grey' market of family, friends and neighbours into the pool of people who can provide support services to people' minima (2011, Appendix E, p 24). This would have the effect of saving money, suppressing wages and reinforcing the gendered undervaluation of this work. (The successful 2012 social and community services equal pay case - which recognised the gendered undervaluation of care work – did not apply to home care workers (Macdonald and Charlesworth, 2016, p 7).

Other strategies used by employers to cut costs involved moving employees to different award classifications. In 2020 the ASU reported a dispute with Community Connections who had classified workers as "home care workers" instead of "community support workers" resulting in an almost \$5 an hour difference for workers (ASU submission 2020, p 5.) More generally, the ASU reported that with the transition to NDIS, more and more community sector services were downgrading the classification of roles despite the descriptors contained within the SCHADS Award. The driver, they argued, was the need to:

... ensure compliance with funding requirements. The NDIS only funds to a level 2.3 of the SCHADS Award whereas previously employees may have been paid at a level 3 or 4 of the Award. There is concern that we will see more downgrading of positions if there is not a review of the funding arrangements.⁶ Sleepover Allowance, Weekend Penalties and Travel Allowances are also under pressure. (ASU submission 2020, p 6).

Recently, Anglicare SA made a number of workers redundant in their exceptional needs unit while offering jobs back at a lower rate of pay. Workers were previously paid at level 4 of the SCHADS award but were offered jobs back at level 2 while working with the same exceptional needs clients. The NDIS pricing model needs to be restructured so that prices reflect the correct wages required to pay highly skilled and qualified workers to work with people with exceptional needs... (ASU submission 2020, p 8)

While re-classification and underemployment could be pursued within the existing award framework in the sector, providers identified a number of new award 'flexibilities' required to meet the demand for tailored care by clients on one hand, and low and inflexible funding from the government's competitive tendering process and funding model on the other. Field research among providers in the NDIS pilot stage found that:

Two providers named reductions or abolition of penalty rates for work in unsocial hours, the reduction of minimum engagement and notice periods and the ability to average agreed work hours over longer periods as changes needed. One suggested the 'the award safety net is way too high' (Trial site provider 2). These claims are similar to those made by disability services employers in the Modern Award Review process (Jobs Australia, 2015; NDS, 2015). (Macdonald and Charlesworth 2016, p 15)

NFAW is supportive of the principle of increased choice and control for those receiving disability support care. However, we are greatly concerned about the design of the current arrangements and their impact on those delivering care and, as a consequence, those receiving it. Quality of care is undermined by cost cutting, and measures to put some award minima back into place create conflicts in a system designed to avoid minima. These conflicts are illustrated by the responses of [both workers and NDIS recipients](#) following the recent review of the SCHADS Award by the Fair Work

Commission, which set a new minimum shift time for part-time and casual workers. Commenting on these minima, a former associate commissioner to the Productivity Commission and key designer of the NDIS, [commented](#) that ‘every time more regulation was placed on the service structure of the program, it “necessarily” reduced the flexibility for consumers’. If this is the case, it suggests to us that the service structure of the program was designed to play off the interests of carers and care recipients against each other.

Tightening the safety net

The recent change of government has brought with it a series of election commitments that address a number of our longstanding proposals relating to ToR (c) and (e). For this reason, we have decided first to list and endorse those commitments, and then to add a number of recommendations relating to workplace laws and work and care that were not included in the Government’s election agenda.

Wages commitments¹ include:

- developing a White Paper on the labour market, which will include a focus on wages growth and secure work, including wage-setting and bargaining issues. <https://alp-assets.s3.ap-southeast-2.amazonaws.com/documents/Labor's+Economic+Plan+and+Budget+Strategy+Statement.pdf>
- inserting a statutory Equal Remuneration Principle in the FW Act to help guide the way the Commission considers equal remuneration and work value cases (a)
- providing for two new Expert Panels in the Fair Work Commission – one for Pay Equity and one for the Care and Community Sector. The panels will operate in the same way as the Annual Wage Review Expert Panel and will be backed by a dedicated research unit at a cost of \$8.4 million over the forward estimates (a)
- requiring large companies to publish their gender pay gaps for the first time (c)
- prohibiting pay secrecy clauses(c).

Conditions commitments¹ include:

- replacing the current definition of casual employment with one based on an employer’s actual practice (b) (This, in our view, should include authenticated records of the payment of casual loadings.)
- in the longer term, examining the scope to develop portable leave entitlement schemes for Australians in insecure work (b)

¹ (a) Fair Pay and Conditions for Working Women <https://www.alp.org.au/policies/fair-pay-and-conditions-for-working-women>

(b) Labor's Secure Australian Jobs Plan <https://www.alp.org.au/policies/secure-australian-jobs-plan>

(c) Australian Women. Labor’s Plan for A Better Future https://alp-assets.s3.ap-southeast-2.amazonaws.com/documents/ALP_Aust_Women_Plan_2022.pdf

Recommendation 2. Tightening the safety net

In addition to election commitments already made by the ALP Government, NFAW also recommends:

- making authenticated records of the payment of casual loadings part of the new definition of casual employment
- reviewing the full range of [award changes](#) in the care sector that have effectively reduced widened the scope for using permanent part-time employment as casual work without the necessity for a casual loading, and often without overtime rates
- inserting 'gender equality' into the objectives and tests of the award review process
- implementing the recommendations of the Royal Commission on Aged care in relation implementing a qualifications and skills framework to address current and future competency and skill requirements; creating longer-term career paths for aged care workers; and standardising job titles, job designs, job grades and job definitions for the sector
- substantially revising current bargaining provisions to remove scope for the unilateral termination of awards and to enable multi-business and industry level bargaining in grant-dependent and other low paid sectors.

2. Preventing employers from trying to move employment outside the safety net

We have noted above that by 2018 fewer than half of employed Australians worked in a permanent full-time paid job with leave entitlements -- yet employer submissions to the FW SAJER Act and the Government's own Explanatory Memorandum indicated that both still felt that the Australian workforce was not sufficiently 'flexible'. There is never any clear endpoint to this drive for flexibility (that is, numerical flexibility of the sort that serves a low wage agenda). Despite the ongoing employer-defined flexibilities introduced through modern awards, despite the flexibilities added by the new casual provisions, it will always be cheaper for employers to avoid using an industrial relations system at all, if at all possible.

That is, in fact, is what has been occurring. Even with modernised awards and cuts to penalty rates, even with increasingly relaxed enterprise bargaining processes and standards, arms-length employment is blossoming in increasingly inventive forms. Individual contracting has grown; gig economy work has grown; and supply chains are becoming more complex and commonplace. Despite data deficits, there is a consensus in academic, union and government reporting (such as that of the Black Economy Task Force) that sham contracting, labour hire and gig economy work have all grown – the latter “including, in particular, home-based services” (Black Economy Task Force 2017, pp 34, 231, 234). All these measures increase employer-oriented 'flexibility' to terminate workers, and incidentally enable them to:

- avoid paying minimum safety net pay and entitlements such as sick, carer's and annual leave or leave loadings
- avoid employment payroll tax, training costs and meeting regulatory standards such as OH&S
- transfer administrative costs, superannuation, workers' compensation and travel costs elsewhere, usually directly to employee
- transfer risks to employee (e.g. any downturn in the economy or industry).

Many of the measures being taken to side-step the responsibilities of being an employer have been considered at length by the Senate Education and Employment References Committee's report on Corporate avoidance of the Fair Work Act 2009 (2017), the report of the Black Economy Task Force (2017) and the Migrant Workers Task Force (2019). We do not propose to dwell on these reports at length, except to point out to the Committee that those inquiries were conspicuously light on the care sector and gender analysis.

For this reason, we again propose to focus on practices shifting work outside the industrial relations framework in the care sector, *as formal employment in the care sector is often designed so that it is one of a limited number of options available to those with informal caring responsibilities.*

- **direct and arms-length contracting**
- **Independent contracts and gig platforms**

For some individuals, fixed-term contracting is the employment mode of choice. For others, it is the employment mode of necessity. What is known is that:

Almost two-thirds of self-employed workers are not incorporated, and almost 60 per cent have no employees (meaning their access to time off work or continuing income in case of illness is minimal). And the proportion of self-employed individuals working part-time has grown markedly in recent years, reaching 35 per cent in 2017. Earnings for many self-employed Australians are low and unstable: for example, median earnings for part-time self-employed individuals with no employees were 60 per cent lower than for full-time paid employees. (Carney and Stanford 2018, p 11)

Government is the biggest employer in the industries where fixed term contracts are most prevalent. The majority of these fixed term contracts are heavily concentrated in a few sectors, the three biggest being: education (38%), health care and social assistance (16%), and public administration and safety (13%) (Alexander 2019, p 5). These are also sectors where women workers predominate.

In some cases individual contractors are simply used to add numerical flexibility, as in the case of the Commonwealth's public service where contractors and consultants have been used to circumvent the government's own employment caps. The new Government has committed itself to addressing these caps.

In other cases government creates systems which drive individual contracting by intermediaries. Governments have progressively outsourced their health care and social assistance responsibilities through grants-based arrangements which effectively force their arms-length providers into managing fixed-term contracts that may or may not be renewed with service delivery grants. Where these grants are part of a competitive tender process, they are also used to drive compliance and 'efficiencies' such as individual and gig contracting which, as has been shown in the case of the NDIS, unashamedly derive from evading safety net standards set by industrial relations, tax and occupational health and safety regulations.

These and similar cases involving the delivery of health care and social assistance are principally of interest to NFAW here, as they have been generally under-regarded by government task forces. The Report of the Aged Care Royal Commission, citing the analysis of ABS data for the whole of Australia undertaken for the Inquiry into the Victorian On-Demand Workforce, records that:

between 2014 and 2018, the number of 'independent contractors' in health care and social assistance increased by 29%, from 70,700 in 2014 to 91,700 in 2018, compared with a 19% increase in the overall health care and social assistance workforce during the corresponding period. (Aged Care Royal Commission 2021, Vol 3A, p 428)

Growth in contracting is simply one term in a process of competitive cost reduction that begins with award circumvention and the call for further flexibilities and progresses past the award system altogether into contracting.

The Royal Commission on Aged Care examined this issue at some length (Vol 3A, Ch 12.7) in relation to modes of employment, including contracting both by providers and through gig platforms. Evidence was brought to the Commission that, in the increasingly common case of contractors using platforms to find employers, there are also a 'range of direct and indirect costs of doing business [that] are apportioned to workers and also clients by digital platforms' and that 'the apportioning of these costs of the labour process to the worker, in addition to the lack of paid leave, superannuation contributions and other protections in Australian employment regulation, suggests an inevitable erosion of the hourly rate of pay set by the worker' (Aged Care Royal Commission 2021, Vol 3A, 429).

While one Commissioner felt that the negative impacts on the contractor and the contractee could be addressed through vigilance by the Quality Regulator, Commissioner Briggs recommended a proactive as well as a reactive approach which in our view is likely to prove more effective:

Recommendation 87: Employment status and related labour standards as enforceable standards

1. By 1 January 2022, the Australian Government should require as an ongoing condition of holding an approval to provide aged care services that
 - a) approved providers: have policies and procedures that preference the direct employment of workers engaged to provide personal care and nursing services on their behalf
 - b) where personal care or nursing work is contracted to another entity, that entity has policies and procedures that preference direct employment of workers for work performed under that contract.

• **Sham contracting**

There are then obvious advantages to an employer if a contract for service can be represented as a contract of service and if employees can be required to acquiescence in the sham as a condition, not of employment, but of obtaining work.

The Black Economy Task Force was 'told of ... blatant examples of ABNs being required by employers for people who are employees, such as sales staff in retail shops in shopping centres, Irish backpackers working for traffic management firms, and cleaners forced to incorporate prior to taking on a role' (Black Economy Task Force 2017, p 233). The report could not provide specific estimates on the size of the sham contracting problem but reported that 'our consultations suggest it may be growing and numerous examples have been brought to our attention in sectors such as IT, labour hire, courier, beauty and hairdressing, and even executive assistants' (Black Economy Task Force 2017, p 231).

Again, NFAW is interested in the care sector, where even trialling the provision of home-based services led, according to one executive manager, to

lots of one hour shifts, lots of travel time. We've got staff working 15 hours to get 8 hours' pay, and they're running their own vehicles. (Trial site provider 4) (Macdonald and Charlesworth 2016, p 13).

Caring services are ripe for sham contracting: the nature of the work, the view of the work taken by agencies like the Productivity Commission, and the focus of the government's funding machinery on cutting industry costs all drive providers along the spectrum from minimising award protections to evading the industrial relations framework through contracting and sham contracting. According to the Black Economy Task Force:

National Disability Services (NDS), the peak organisation for non-government disability services, has expressed concern about the potential for sham contracting under the NDIS, stating that it: 'could be a new and growing problem in our industry as the NDIS creates a more competitive market for disability services. Our concern is that greater choice and control for people with disability should not entail increased legal risk for them, and/or unfair wages and working conditions for their workers'. (238)

In its 2019 submission to the Inquiry into the Victorian On-demand Workforce, VCOSS reported that its members had members identified similar concerns regarding sham contracting arrangements, and particularly the position in which employees driven into sham contracts find themselves.

While the Fair Work Act 2009 prohibits "sham arrangements" to avoid the responsibilities of employment, workers seeking clarity around whether they are eligible for basic entitlements and protections must challenge their employment arrangements before a court or a tribunal. [VCOSS argued that](#) 'placing the onus on vulnerable workers to initiate a claim in the Commission puts a disproportionate burden on employees, particularly when employers have greater resources to defend a claim' and recommended that 'greater legislative clarity around employment status and access to entitlements can reduce this burden.'

The [Australian Services Union has argued](#) further that not only are employees put into an invidious position, but that the provisions of the FW Act under which their case would be heard are also deficient. The Act provides that:

S 357 Misrepresenting employment as independent contracting arrangement

- (1) A person (the employer) that employs, or proposes to employ, an individual must not represent to the individual that the contract of employment under which the individual is, or would be, employed by the employer is a contract for services under which the individual performs, or would perform, work as an independent contractor.
- (2) Subsection (1) does not apply if the employer proves that, when the representation was made, the employer:
 - (a) did not know; and
 - (b) was not reckless as to whether;the contract was a contract of employment rather than a contract for services.

The Productivity Commission and the Commonwealth Government's Black Economy Taskforce both recommended amendment to the current provision to reduce the degree of intention that must be proven. [The former government agreed in principle](#) to increase the penalties for breaches of the

sham contracting provisions in the FW Act, but stopped short of agreeing to lower the intent threshold for establishing the offence.

- **Labour hire**

The final report of the Black Economy Task Force identified the labour hire and broader recruitment services industry as a valuable source of flexible, short-term employees for businesses. At the same time it found that

Parts of the labour hire industry ... are infiltrated by unscrupulous firms and individuals that are operating in the black economy. Some sectors are particularly vulnerable to such operators, including horticulture, security and **perhaps even aged care** [our emphasis]. This can range from simple non-compliance with PAYG tax withholding and payment of cash wages well below award rates, to exploitation of vulnerable workers and even labour hire firms with links to crime, money laundering, immigration fraud and other abuses. (247-8)

As employers, labour hire firms can pay less than the employer using their services, and while they cannot pay less than the relevant award or the NES they can reduce costs through underemployment, casualisation and reclassification. They can avoid safety net minima altogether if they use contractors, genuine or sham. The same applies to gig platforms.

Following commitments to introduce or the actual introduction of labour-hire firm licensing schemes at state and territory level, the former government announced its intention of introducing its own scheme and [proposed the following list of “guiding principles”](#):

- Mandatory registration of labour hire operators with the Fair Work Ombudsman under annual subscriptions and requiring disclosure of prescribed information about their owners/operators and the business;
- Coverage of high risk sectors at a minimum, including horticulture, cleaning, meat processing and security (subject to stakeholder consultation);
- Compliance to be monitored by the Fair Work Ombudsman;
- Publication of a directory of registered labour hire operators; and
- Imposition of fines for the use of unregistered labour hire operators.

Without knowing what information was to be prescribed for disclosure it is not possible to assess the effectiveness of the proposed regime. The possibility that the scheme would be confined to selected sectors also restricts the scope for assessment, but in our view any such scheme ought at least to take in home-based care in both the disability and aged care sectors.

In any event a licensing regime will only deter conduct that is actually unlawful; it will not of itself deter the use of labour hire as a mechanism to keep costs down through underemployment, casualisation, reclassification or the use of arms-length employment to avoid paying minimum safety net entitlements, superannuation, workers' compensation, travel costs or meeting OH&S responsibilities.

Labor 's [commitment](#) to amend the FW Act to ensure that workers employed through labour hire companies receive no less than workers employed directly would go some way to preventing employers from outsourcing their labour requirements to labour hire companies in order to cut the wages of employees and side-step the enterprise agreements for the pay and conditions of those employees, and NFAW is supportive of such a measure. But such a measure would not address the case where a firm using labour hire has no equivalent in-house employees.

- **Wage theft**

Wage theft is systemic non-compliance with provisions in award, agreement or National Employment Standards, or the downward pressure on minimum wages exerted by existing widespread noncompliance or (as below) the complexity of employment status and relationships generated by efforts to avoid safety net requirements through franchising, outsourcing, labour hire, Uberisation, and contracting.

The Committee will be aware from the Black Economy and Migrant Workers task force reports that that wage theft is so extensive in Australia as to be a business model in some industries and factor in driving national persistent low wage growth. While widespread, wage theft is not gender neutral. The bundle of behaviours called wage theft refers to employer non-compliance with minimum standards in base wages, loadings, overtime or superannuation.

While widespread, wage theft is not gender neutral. The behaviour involved most commonly and most significantly affects low paid employees in part-time and casual work—all groups in which informal carers predominate (Gilfillan, 2018; UnionsACT, 2018, p. 6). It is also commonplace in formal care work, where it is estimated to have cost employees in the healthcare and social assistance industries \$220 million (Berg and Farbenblum, 2017, p. 32).

We are however concerned that the reliance on the ‘bad apple’ and ‘honest mistake’ theories of wage theft in the government’s discussion paper and the Minister’s response (Porter, Media release, 2020) is indicative of an inclination to set the threshold for criminal responsibility so high that any deterrent value of an increase in the penalty will be immaterial. In particular we are concerned that cases of long term and systemic underpayment will not meet evidence standards set for intention or deliberation.

The new Government has made an election commitment to significantly strengthen the wage theft regime. At a minimum, we recommend that the government should amend its criminal codes to criminalise intentional, reckless or grossly negligent instances of wage theft. We further recommend that failure to keep time and wages records be taken as evidence of intentional wage theft, as well as phoenixing to evade paying wages owed.

In order to test whether evidence standards set for intention or deliberation in wage theft are effective in prosecuting wage theft, we recommend that data-matching using tax and other government records be used together with HILDA data to set a benchmark for annual performance in reducing the incidence of wage theft. We also recommend that the Fair Work Ombudsman (FWO) be required to report annually on the number of wage theft audits and investigations it has undertaken; the number of cases it has taken to court; and the number of criminal prosecutions that have been conducted annually, together with their outcomes. This information should form the basis of a parliamentary inquiry into the effectiveness of the strengthened wage theft legislation to be conducted three years after its passage.

In 2019, when the previous government was contemplating the criminalisation of wage theft, employer associations argued that awards were too complex for them to comply with and needed to be simplified.

- We note this so-called award complexity only ever appears to result in widespread underpayment of wages rather than widespread overpayment.

- We also note that arguments around award complexity deflect attention from the systemic nature of much wage theft, by implying that it is the result of a series of one-off mistakes. In fact, the Black Economy Task Force found that in some industries wage theft is so widespread and systematic that ‘firms that comply with tax, workplace relations and other regulatory requirements have told us that they are consistently being outbid by those who break the rules’ (203). This kind of industry-wide effect is not the outcome of individual employer confusion.
- We also know that award simplification is a very broad catchword and in the past been code for cutting employee entitlements and protections, witness WorkChoices.
- In our view the best way to deal with complexity in the industrial relations system is to reduce the scope for award avoidance, rather than to reduce award protections. Efforts to simplify employer obligations should focus on arrangements contrived to avoid or obscure those obligations, which commonly include franchising, outsourcing, labour hire, Uberisation, labour supply chains and contracting.

Further, the government should examine proposals being developed in Victoria which, *in addition to funding investigations and increasing penalties for non-compliance*, include:

- new laws to make it faster, cheaper and easier for workers to get the money they are owed by their employer through the courts. Claims of up to \$50,000 will be heard before a special small claims tribunal where filing fees will be lowered, claims will be heard within 30 days and court processes will be simplified.
- the introduction of an automatic enforcement model that puts the onus on the employer to demonstrate they have complied with court orders and paid the entitlements owed to workers (Andrews, 2018).

Finally, we are compelled by the argument that the Fair Work Ombudsman is not, and never can be, resourced to address the sheer scope of wage theft in Australian workplaces. We also recognise that the current provisions of the FW Act [fundamentally compromise the capacity of unions to provide the resources](#) urgently needed to address the problem. We therefore recommend that union right of entry provisions in the FW Act be amended to enable them to effectively investigate and respond to member complaints of wage theft.

Recommendations: preventing employers from moving employment outside the safety net

Broadly, the FW Act should be amended to bring ‘employment-like’ arrangements into the broader regulatory regime, consistent with the election commitments in [Labor's Secure Australian Jobs Plan](#) of the new Government, by:

- making ‘job security’ a principal object of the FW Act as a whole and of the wage-setting, award review and contractor testing processes
- enabling the FWC to make decisions relating to entitlements in insecure and casual-like employment (including gig work, labour hire and outsourcing) so that the industrial relations system can rebalance itself) regulating to prevent measures to prevent artificial constructs intended to move employees outside the employment framework (including sham contracting and back-to-back fixed term contracts)
- ensuring that workers employed through labour hire companies receive no less than workers employed directly
- limiting the number of consecutive fixed-term contracts an employer can offer for the same role, with an overall cap of 24 months

- extending the powers of the Fair Work Commission to include “employee-like” forms of work to allow the Fair Work Commission to make orders for minimum standards for new forms of work, such as gig work, to intervene or inquire into all forms of work and determine what rights and obligations may or may not apply, and to keep up with evolving and changing forms of work.

These amendments would be supported through the election commitments in [Labor's Secure Australian Jobs Plan](#) to

- significantly strengthen the wage theft regime, and
- include superannuation in the National Employment Standards so that it can be pursued under the wage theft regime.

Recommendation 4: preventing employers from moving employment outside the safety net

In addition to election commitments already made by the ALP Government, NFAW also recommends:

- implementing recommendation 87 of the Aged Care Royal Commission which calls on providers to preference direct employment of personal care and nursing service workers, and to establish quality reviews of compliance with this arrangement. Corresponding measures should be taken to address the growth of contracting and gig economy employment in the disability sector.
- Amending the Fair Work Act to lower the intent threshold in relation to misrepresenting employment as an independent contracting arrangement
- significantly strengthening the wage theft regime. NFAW has made a number of detailed recommendations in this area to the Senate Economics References Committee ([Submission to the Fair Work Amendment \(Supporting Australia's Jobs and Economic Recovery\) Bill 2020](#) submission 82) which go to the introduction of data matching and amendment of union right of entry provisions to detect wage theft; definition and determination of criminal conduct; giving access to a small claims tribunal and an automatic enforcement mechanism on the Victorian model; and the benchmarking and review of progress in reducing the overall incidence of wage theft
- giving victims of sham contracting access to the same court and tribunal proceedings as those proposed for victims of wage theft more generally.

3. Making the safety net gender neutral

Thus far the discussion has focussed on fixing the gaps in and on the edges of the current industrial safety net that create low wage traps for both informal and professional carers. The resulting recommendations, including the Government’s election commitments, are basically retrospective, whack-a-mole responses to inequities that the system has created and exploited. Looking to the future and to the scope for significant reform, NFAW urges the Government to examine the scope to re-design the industrial relations system from the ground up, so that it no longer reflects the gendered assumption that a 38-hour week is ‘normal’ and ‘full-time’ -- and that all shorter hours

employment is a deviation from that norm naturally subject to inferior employment protections, conditions, training and career paths.

We have shown above how award wages, conditions and protections for short-hour workers in the sector are inferior, driven by the longstanding and deliberate confusion of numerical flexibilities and family friendly flexibilities. The situation of informal carers who find casual and part-time employment in other services such as retail and hospitality has many common features with that of professional carers. On-the-ground training and career paths follow suit by being sketchy and job-specific. Women are locked into these jobs by caring responsibilities and men are unwilling to take them (Roderick 2018), and so the system perpetuates itself.

A gender neutral system which delivers equal protections and pro-rated terms and conditions to shorter and longer hours employees has the capacity over time to reduce the vertical and horizontal segregation of the labour force; increase women's skills development, job mobility and productivity; drive new ways of working; and promote the sharing of family caring responsibilities.

This proposal is consistent with the [Government's commitment](#) to amend the Sex Discrimination Act to drive gender equality in workplaces, a commitment NFAW strongly endorses. We have [argued in in that context](#) that the concept of equality of opportunity that underpins the SD Act is demonstrably dated and deficient because it does not address systemic causes of sex discrimination. Instead, it treats acts of discrimination as one-off aberrations from some sort of benign national norm. This description applies equally to the Fair Work Act, which implicitly treats the 38 hour a week as some sort of benign national norm, and other working patterns as aberrations.

Recommendation 16 of *Respect@Work*, which the Government has singled out as critical to the whole scheme of the report, explicitly calls for the objects of the SD Act to include 'substantive equality'. The concept of substantive equality is not passive and does not draw out of it the assumption that acts of discrimination come out of nowhere. It assumes that discrimination arises in a context and that to address discrimination it is necessary to address that context, including the laws, policies and actions that detrimentally affect women's *de facto* enjoyment of a specific right or entitlement.

Substantive equality is not a new concept. It is embedded in the key articles (in particular Article 2 (b)) of the Convention on the Elimination of All Forms of Discrimination against Women, which Australia has signed. It has recurred time and again in the [nine reviews of the operation of the SD Act](#). We are now proposing that it be applied not just to the SD Act but also to the working time scheme of the FW Act. This proposal has its own precedent, which goes back at least as far as 2002 (Cox) in theory, and in practice is now known as "[All roles flex](#)" and used to drive both new ways of working and gender equality:

For many organisations, mainstreaming flexible work is framed as a policy approach as the key driver for action and change over time. For other organisations, the form adopted for "All Roles Flex" is a sudden and disruptive gesture that brings in change to policy and practice, and clear expectations of a new way of working more immediately. "All Roles Flex" can respond to a particularly timely opportunity (to address staff survey results or follow the practice of a customer organisation), offer a chance to be a first-mover in an industry or follow the specific nature of a type of role with technology to support flexible rostering or a new type of flexibility in a seasonal factory setting. (Roderick 20xx, p. 7)

To the extent that "All roles flex" necessarily draws job redesign after it, it can be used to release the creativity to match work to emerging industries as well as to reconfigure the work of Australia's

largely service-based economy. Thus far it has been shown ‘have positive and sustained impacts on employee engagement, attraction and retention, productivity, profit and career advancement’ (Roderick 2018, p. 34).

Our proposal would give “All roles flex” the legislative framework it currently lacks so that gender neutral ways of working are underpinned by the gender neutral wages, conditions, and employment protections that should accompany them. Much policy work would be required:

- The National Employment Standards need to be reviewed. The government should, for example, proceed with its election commitment to examine portable personal and annual leave schemes for temporary workers.
- Terms and conditions set by awards would also need to be reviewed by the FWC and in particular by Labor’s proposed new Care and Community Sector Panel – to ensure, for example that shorter hours workers receive the same minimum hours, penalty rates and overtime rates of pay as longer hours workers in their industry, and that temporary workers receive the same base rates of pay for the same job as ongoing workers.
- Workplace agreements and practices would also need to be reviewed.

Recommendation 4: Making the safety net gender neutral

NFAW urges the Government to examine the scope to re-design the industrial relations system from the ground up, so that it no longer reflects the gendered assumption that a 38-hour week is ‘normal’ and ‘full-time’, and that all shorter hours employment is a deviation from that norm and so subject to inferior employment protections, conditions, training and career paths. To this end

- The National Employment Standards need to be reviewed. The government should, for example, proceed with its election commitment to examine portable personal and annual leave schemes for temporary workers.
- Terms and conditions set by awards would also need to be reviewed by the FWC and in particular by Labor’s proposed new Care and Community Sector Panel – to ensure, for example that shorter hours workers receive the same minimum hours, penalty rates and overtime rates of pay as longer hours workers in their industry, and that temporary workers receive the same base rates of pay for the same job as ongoing workers.
- Workplace agreements and practices would also need to be reviewed.

d) The adequacy of current work and care supports, systems, legislation and other relevant policies across Australian workplaces and society

Families’ ability to balance work and child care is supported by the provision of government-funded child care fee assistance, as well as negotiated workplace conditions such as access to flexible working hours, part-time work, paid maternity leave and carer’s leave. Access to paid leave and flexible working arrangements are generally determined through awards, enterprise bargaining/certified agreements and/or workplace policies and conditions.

The Australian Government provides support for child care fee assistance to working families under the *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Act 2017* and paid parental leave to parents following the birth of a child under the *Paid Parental Leave Act 2010*.

Adequacy of child care supports

In 2018 the Australian Government introduced major reforms to child care fee assistance. The Child Care Package was designed to improve the accessibility, affordability and flexibility of child care for working families by introducing a range of new (or re-designed) child care payments, new requirements for parents/carers claiming fee assistance, as well as for child care providers and services.¹

The NFAW's view is that the design of the Child Care Package reforms, coupled with the largely private market model of child care provision, mean that families continue to have to juggle work and child care responsibilities. In some areas of Australia, the supply of child care does not meet demand and there are long waiting lists for child care places. Single parents and vulnerable families do not necessarily have access to enough subsidised child care to meet their work participation/child care needs, or support their children's early learning and development.

An evaluation of the Australian Government's Child Care Package found that in terms of improving the affordability, access and flexibility of child care (AIFS, 2022):

- The Package has had an impact on affordability – delivering a significant benefit to lower and middle income families, with higher income families having to shoulder a higher proportion of their child care costs. This is consistent with the objectives of the policy. It is estimated that the Child Care Subsidy (CCS) has reduced the net cost of child care for 62.2 per cent of families using child care when compared with previous funding arrangements.
- However, there is evidence of considerable diversity in access to care across Australia, by state, by location within state, and by different groups within the community.
- While the allowable subsidised hours (based on parents' reported 'activity') appear to be adequate for most families, for some it poses a difficulty, eg. vulnerable families not eligible for the Additional Child Care Subsidy (ACCS, which is restricted to families in particular circumstances), as well as those living in remote areas and in the Northern Territory.
- There are also some significant issues around access for children with additional needs, eg. problems in finding suitable care and children being asked to leave care.
- The limit of 24 hours per fortnight CCS support for families who do not meet the 'activity test' in general only enables the purchase of a day of subsidised care a week in most child care services, which is usually insufficient for children's early learning and development.
- Overall, the implementation of the Child Care Package appears to have had only a limited impact on changing access to child care.

The NFAW notes the ALP's pledge under its Cheaper Child Care Plan to a \$5.4 billion investment in ECEC (ALP, 2021). In May 2022 the Australian Government committed to a number of child care

¹ The Child Care Subsidy (CCS) is the key payment made to eligible families using approved child care. The amount of subsidy received varies according to annual family income, hours of eligible activity (eg. work, study/training or volunteering) and the type of care used. The Additional Child Care Subsidy (ACCS) is a top-up payment to the Child Care Subsidy, targeted at families facing specific barriers to accessing care. The number of 'allowed hours' of care (determined by eligible activity or ACCS status) works together with the subsidy percentage to determine the actual amount of subsidy received by parents, and therefore the actual amount parents pay for child care. The Package effectively reduced the minimum level of support from 24 hours per week to 24 hours per fortnight.

affordability measures, which include some former Coalition Government commitments in 2021. These measures are to be implemented from July 2023:

- lifting the maximum CCS rate to from 85% to 90% for families earning up to \$80,000 for their first child in care
- increasing CCS rates for 96% of families with a child currently in care earning under \$530,000
- keeping higher CCS rates for families with two or more children aged 5 years or under in care (Dept of Education).

The Australian Government has committed to developing a whole-of-government approach to the early years through an *Early Years Strategy* which will examine programs and funding delivered across Government that impact on early childhood development. The NFAW notes that the Government's Child Care Package placed little emphasis on children's early development, focusing instead on workforce needs and the former Coalition Government's 'Jobs for Families' policies. This narrow focus was also been acknowledged by the AIFS' Evaluation of the Child Care Package. It is important for the Government to consider ECEC policies in the context of workforce supports, family well-being and children's early childhood development, rather than simply through the lens of increasing workforce participation and productivity.

The Australian Government has also asked the Productivity Commission to conduct a comprehensive review of the child care sector, including consideration of a universal 90% CCS rate, and the Australian Competition and Consumer Commission to investigate pricing in the child care sector.

The NFAW welcomes these announcements. Together with others groups, such as the Work + Family Policy Roundtable,² we consider these commitments have the potential to reduce out-of-pocket ECEC costs for most families and alleviate some employment disincentives for women.

The NFAW also advocates for better remuneration, recruitment and retention of the ECEC workforce and a future Equal Remuneration Order by the Fair Work Commission to help address the gender pay gap for feminised, caring professions.

Recommendations 5 & 6: Improving Access to Childcare

5. In summary, the NFAW supports measures that will:

- increase child care subsidies to improve the affordability of child care
- better regulate ECEC providers' fee charging practices and provision of flexible sessions of care
- provide greater flexibility and accessibility of care, particularly in disadvantaged communities, regional and remote areas and vulnerable families, as well as shift workers and single parents who face particular challenges in balancing work and care commitments
- provide ongoing funding for universal access to preschool in the year before full-time school, as well as support for state and territory governments implementing universal access to preschool for 3 year olds (a program starting two years before full-time school)
- help fund wage increases and better conditions for ECEC educators.

² The Australian Work + Family Policy Roundtable is a research network of 31 academics from 18 universities and research institutions with expertise on work, care and family policy. More details on their Federal Election Benchmarks 2022 at: https://www.workandfamilypolicyroundtable.org/wp-content/uploads/2022/04/WorkFamilyBenchmarks2022_online_s-1.pdf

6. While the NFAW recognises the need for a progressive system of support for families accessing subsidised ECEC in the short and medium term (with more support provided to those who need it most), we also support the goal of universal, free ECEC for all children in the longer term. This commitment should be part of a 10-15 year productivity agenda for long-term social and economic well-being across Australia, including measures to support child and family well-being.

Adequacy of paid parental leave supports

More than 10 years on from the Australian Government's introduction of a national Paid Parental Leave (PPL) scheme, many workplaces provide no access to PPL for their workers in addition to government funded PPL.

According to Workplace Gender Equality Agency 2020-21 *Australia's gender equality scorecard*, 3 in 5 employers (60%) offer access to paid parental leave (either to both women and men or to women only) in addition to the Government's PPL scheme. Over 50% of non-public sector employers provide access to paid parental leave. Women account for 88% of all primary carer's leave utilised while men account for 12% (WGEA, 2022). However, the NFAW notes that the WGEA dataset applies only to large employers (of +100 employees, about 40 per cent of the overall workforce), and a 2013 evaluation of PPL conducted for DSS found that employees in organisations of 100+ were significantly more likely to receive employer-paid PPL than employees of small or medium (20+) organisations (Martin et al, 2013).

With the exception of the United States, Australia offers the lowest level of statutory PPL support among OECD nations (OECD b). Australia's PPL scheme has offered 'primary carers' up to 18 weeks of PPL at the minimum wage since 2011. 'Dad and Partner Pay' of up to two weeks at the minimum wage was introduced in 2013. The length of available paid leave (both maternity and parental) in the OECD is, on average, 53 weeks for mothers and eight weeks dedicated leave for fathers (Townsend and Strazdins, 2019).

The NFAW and the Work + Family Policy Roundtable view the changes announced in the 2022 Budget as weakening the PPL scheme, removing the two weeks of 'Dad and Partner Pay' to make the full 20 weeks of PPL available to either parent over a two year period. Global evidence on the positive impact of dedicated leave periods for fathers on shared family care suggests this change will do little to increase uptake by men (Work + Family Policy Roundtable, 2022)

A preferable model would be to move to a model of shared care that encourages active engagement in care by both parents through a "use-it-or-lose-it" model. In Denmark the parental leave arrangements were amended in March 2022 to ensure that in addition to a transferable allocation of 26 weeks, each parent has access to 9 weeks leave that is not transferable. Sweden is considered to have the most generous parental leave provisions in the world. Families are entitled to a total of 240 days, with 90 days reserved to each parent on a use-it-or-lose-it basis.

Both parents need to be supported by PPL and by employers, through flexible work and leave arrangements. Shared caring roles established early on through PPL arrangements and flexible workplace practices are likely to persist, resulting in greater gender equality in the home and improved parental relationships (Work + Family Policy Roundtable, 2022).

The NFAW strongly supports a more generous system of PPL for child and family health and well-being (in particular, to establish infant bonding and breastfeeding), gender equality, employee retention, economic productivity and population growth.

Recommendations 7 & 8: Improving Access to Childcare

7. In the short term, the NFAW supports a review of the PPL scheme instituted in 2009. A key issue to be addressed is Australia's comparatively low level of PPL support by international standards, as well as the relatively low uptake of the PPL scheme by non-public sector employers and by fathers. It is timely to review the scheme now that the COVID-19 pandemic has tested workplace culture and attitudes with regard to the benefits of flexible working arrangements, shared caring and leave responsibilities.
8. In the longer term, the NFAW proposes:
 - a more generous PPL scheme of at least 26 weeks of PPL to be shared by both partners
 - PPL paid at an average wage, split between the Australian Government and employers
 - the ability for parents to split parental leave pay into blocks of time over the first 2 years of a child's life should be extended to include flexible access to unpaid leave over this period.
 - an additional allocation of non-transferable paid leave should be available to the "Dad or Partner", and to sole parents.

Carers other than Parents

NFAW notes that although there are supports available to parents through the National Employment Standards and Paid Parental Leave, there is limited support and recognition available for other carers. As identified in the Productivity Commission Issues Paper (Productivity Commission, 2022) income support in the form of Carer Payment or Carer Supplement is available to a person who is the primary carer for a person who needs intensive support, however these payments are means tested and the care recipient must also meet eligibility requirements.

The *Fair Work Act (2009)* does allow a person with caring responsibilities to request flexible working arrangements, however leave days are limited and there is no guarantee of a return to work if a carer who is not eligible under the parental leave provisions requires extended leave due to care responsibilities. We observe that after many years the rights of parents in the workforce are recognised and protected in legislation, however we are concerned that other carers do not have the same level of protection.

We refer back to recommendation 1, that the *Fair Work Act (2009)* be reviewed to ensure that carers, within the definition of the *Carer Recognition Act (2010)*, have similar rights to carer leave and guaranteed return to work as parents.

e) the impact and lessons arising from the COVID-19 crisis for Australia's system of work and care;

Women continue to shoulder the burden of most unpaid domestic and caring work, and they often tailor their paid work choices to best fit in with their other responsibilities. We have discussed some of the issues that arise as women manage work and care conflicts through adjusting working hours or taking time out of the workforce in the form of paid and unpaid parental leave, or career breaks.

The COVID pandemic forced many workers and employers to deal with another form of flexibility, being flexibility around the location of work. Section 65 of the *Fair Work Act (2009)* provides that employees may request flexible working conditions if they meet specified criteria: they are the parent or carer of a school aged child; are a carer of another person within the meaning of the *Carer Recognition Act (2010)*; have a disability or are over the age of 55; or are experiencing or supporting a family member experiencing family violence.

Flexible working conditions are not defined but can include changed working hours or location. One of the consequences of COVID has been to demonstrate how many jobs can be undertaken under remote working conditions as employees worked from home, in many cases at irregular hours while supervising home schooling or sharing space with co-residents. There is a limited window of opportunity to learn from innovative working arrangements employed during the pandemic, however, in the rush to 'normal', these lessons may be lost.

Research suggests that both organisations and employees expect, and would prefer, this significant shift to continue through a permanent hybrid model of working from home part-time and working in the office part-time. For example, multi-national research by the [McKinsey Global Institute](#) (2020) suggests that "more than 20 percent of the workforce could work remotely three to five days a week as effectively as they could if working from an office".

While many workers have shown a preference to continue working remotely post COVID, a significant minority of workers prefer to separate their work and home life. Research demonstrates that while many workers have found remote work delivers productivity benefits, it also increases pressure, particularly on those with caring responsibilities, to manage the intersections between their working time and private lives (Global Institute for Women's Leadership, 2021). Women report the most difficulty in managing their paid work and caring responsibilities, including while working from home.

A survey of knowledge workers in March 2022 showed that nearly half were dividing their work between home and office, with the rest divided evenly between returning to the office full-time or remote working (Hopkins and Bardoel, 2022). Employers have adopted practices to support hybrid work models including allowing employees to specify the days they will attend a workplace, or "team days" when employees are expected to attend the workplace. There is a risk that this will place new pressures on women as they renegotiate working conditions as they seek to match their needs with those of the employer.

However the introduction of hybrid and remote work arrangements also carries occupational safety and health risks with reports that up to [40% of people working from home do not have an appropriate workstation](#). (Australian Unions, 2020). Workers also may not be reimbursed for the costs of supplies and equipment needed to complete their job, for example paper and ink for printers or batteries for computer peripherals. This shifts the cost from employers to employees who can then claim a tax deduction for these costs, often at a marginal tax rate higher than a corporate employer.

Workers need the autonomy to be able to negotiate with employers. Currently the provisions of the *Fair Work Act (2009)* are weighted toward employers having the power to decline applications for flexible work conditions who can refuse to agree to the request on "reasonable business grounds", which include cost; reduced productivity; ability to meet customer service requirements and inability to rearrange or recruit staff to cover the request.

In addition to affecting employees' abilities to balance paid work and caring responsibilities, hybrid working arrangements will impact on workforce planning, and on transport and urban development needs in the future. Should the current structural shift towards a hybrid working model continue, this

will have significant effects on urban development, as regional and suburban centres flourish at the potential expense of central business districts. The female dominated retail sector and more male dominated public transport sector will likely be affected. All of these effects are highly gendered.

Opportunities to work from home are only available to some workers, and are concentrated amongst more highly skilled, knowledge-focussed workers. It is important that any large-scale shift to remote or hybrid working models is managed strategically to avoid exacerbating inequalities within the workforce, many of which will have gender effects. In particular the capacity for remote work in the highly feminised sectors of care, education and nursing is limited, and during the COVID shutdowns was layered on top of existing work responsibilities.

It is important that organisations manage future working arrangements to ensure gender inequalities are not exacerbated, but that ongoing arrangements help workers better balance their paid work and caring responsibilities in a gender equitable manner, and that any gender gaps in preferences do not mean women fall further behind in their career aspirations.

Government must provide leadership and incentives and consider regulation, as appropriate.

Recommendation 9: Protecting the rights of employees working from home

- a. Occupational safety and health obligations for employers must be enforced in respect of employees working remotely. Employers should be required to audit home work stations and provide necessary equipment.
- b. Employees should be compensated for the cost of working from a home office through appropriate adjustments to relevant Awards and Workplace Agreements.

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Appendix A: Simulations of increased government expenditure in the care sectors

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October 15, 2020

Key statistics and findings

1. More than 900 thousand Australians who have unpaid caring responsibilities for young children, the elderly, or people with disabilities would like to work more hours in paid employment. If this could be facilitated by greater provision of government-funded care services, labour supply would increase by over 2 per cent.
2. More than 70 per cent of this additional labour input would be supplied by women, alleviating some of the disadvantage experienced by women in the labour market.
3. Supporting carers with additional government-funded service delivery and higher wage growth in the child care, aged care and disabled care sectors underpins additional economic growth such that GDP in 2030 would be 1.64 per cent higher than it otherwise would have been. This is equivalent to an average of \$1266 per person per year in 2018-19 prices, or more than \$30 billion per year in aggregate.
4. Additional employment and higher wages in the care sector also directly supports women's employment and incomes, as these sectors account for a high proportion of women's employment.
5. This economic growth dividend underpins increased revenue from taxes on income and consumption, offsetting much of the cost to government of increased service delivery (including higher wages) in the care sector. In 2030, we estimate the cost of the additional service delivery to be \$19 billion, yet the additional impact on the government deficit is less than \$3 billion.

1 Introduction and background

This note describes two simulations of the Australian economy over the next decade in which government expenditure in the care sectors is increased significantly.

2 Methodology and model inputs

2.1 Methodology

The simulations are run using VUEF-G, a variant of the Victoria University Employment Forecasting (VUEF) model, a Computable General Equilibrium model of the Australian economy with a detailed representation of the labour market and gender. The model is described in the Appendix.

A key feature of VUEF-G is the modelling of time use by cohort. Cohorts are defined by highest level and field of educational attainment and gender (e.g. “Certificate III-IV, Society and Culture, Female”). Time use for each cohort is divided into paid employment, leisure, and unpaid employment (such as caring for children or elderly relatives or maintaining a household). Cohorts allocate time according to preferences (as revealed in existing time use data derived from the Census), and change their allocation through time according to changes in wages and the cost (or availability) of care services that can replace unpaid employment. By this mechanism, an increase in wages provides an incentive to forgo some leisure time and supply more labour. Similarly, an increase in the user cost of care services creates an incentive for people to forgo paid employment and provide care services themselves, for example, a parent may forgo an additional day per week of paid employment if child care costs increase.

For cohorts with significant time allocated to unpaid employment, the scope to increase employment by greater provision of government-funded care services is large. Across all levels of educational attainment, women allocate more time than men to unpaid employment, and both men and women with lower levels of educational attainment allocate more time to unpaid employment. The time-use theory in VUEF-G uses this information to estimate the labour supply response to provision of additional care services for every cohort. The aggregate impacts for men and women are calibrated to the shocks described in Section 2.2.2.

Model results are generally expressed as percentage deviations from a business-as-usual base case. The base case does not take into account the Covid-19 pandemic.

2.2 Model inputs

2.2.1 Expenditure

The key economic shocks are increases in expenditure on the care sectors.

In VUEF, the care sectors are Child Care, Residential Aged Care, Residential Disabled Care and Other Social Assistance (Disabled). Shocks to the quantity of output for each sector are introduced over four years (2021-22 to 2024-25) as set out in Table 1. Over the same time interval, wage increases are applied to two occupations, Child Carers and Personal Carers and Assistants, as set out in Table 1.

To facilitate the rapid increase in output in the care sector, shocks are applied to investment from 2020-21, one year in advance of the shocks to output. This ensures that sufficient capital stocks are in place to support the expansion.

Table 1: Expenditure shocks applied by industry and occupation (%)

	Total increase (over 4 years)	Annual increase
<u>Service delivery by industry</u>		
Child Care	35.0	7.79
Residential Aged Care	8.3	2.02
Residential Disabled Care	8.3	2.02
Other Social Assistance (Disabled)	8.3	2.02
<u>Wage increase by occupation</u>		
Child Carers	21.6	5.0
Personal Carers and Assistants	21.6	5.0

The expansion in output and increase in wage costs are absorbed by an increase in government expenditure. Higher wage costs increase the price of care, which has a negative impact on household (private) consumption of care services. Therefore the expansion in government expenditure covers not only the net expansion of the care sectors, but also replaces some private expenditure.

2.2.2 Labour supply

The increase in the care economy is assumed to be government-funded and large enough to remove all impediments to labour market participation experienced by carers in the informal sector. This drives a significant increase in labour supply. The calculation of the shock to labour supply involves determining the number of people for which caring responsibilities act as a barrier to labour force participation, determining a suitable increase in average hours worked if formal care was made available, and converting this into a percentage increase in labour supply.

Shocks to labour supply are calculated using data from the ABS (ABS Cat. No. 6239.0, 2020), in which 923,000 people with caring responsibilities reported that they wanted to work more hours (Table 2). Approximately two-thirds of these are women, and approximately half cared for children under the age of 5.

Informal primary carers for aged and disabled people provide an average of 35.2 hours of care per week (152 hours per month), while non-primary carers provide an average of 10 hours per week (43 hours per month) (Deloitte, 2020). We assume that the increase in supply of formal care relieves primary and non-primary carers of some of their responsibilities and enables them to enter the labour force or increase their hours of formal work. We assume that primary carers increase formal employment by an average of 100 hours per month, and informal carers by 10 hours per month. Around one-third of aged and disabled carers are classified as primary carers (Deloitte, 2020).

We assume that people who care for children could increase their employment by 40 hours per month if sufficient child care was available.

Based on these assumptions, an additional 37 million hours of labour would be supplied per month, of which 27 million would be supplied by women. This is equivalent to an increase in overall labour supply of 2.06 per cent. Labour supply increases for both men and women: Men's labour supply increases by 0.93 per cent and women's by 3.74 per cent.

The increases in labour supply are treated as shocks to the VUEF-G model, and introduced over four years (2021-22 to 2024-25) alongside the increases in expenditure on the care sectors.

Table 2: Labour supply impacts

	Male	Female	Persons
<u>People who want to work more hours ('000 persons)</u>			
Cared for someone with a long-term illness or disability	106	152	258
Cared for an elderly person	78	142	219
Youngest child aged under 5	108	337	446
Total	292	631	923
<u>Additional hours supplied per person per month if sufficient care available (assumed)</u>			
Aged/disabled primary carer	100	100	100
Aged/disabled non-primary carer	10	10	10
Child carer	40	40	40
Percentage of aged/disabled carers who are primary carers	21	41	32
<u>Economy-wide aggregates</u>			
Total additional hours supplied per month (million)	10	27	37
Average monthly hours worked, 2018-19 (million)	1044	726	1770
Percentage increase	0.93	3.74	2.06

2.2.3 Other macro settings

The shocks as described are run in two macroeconomic environments. In both cases, standard CGE macroeconomic settings apply: household consumption is a fixed proportion of household income, government consumption expenditure (other than on the caring sectors) is fixed to the baseline, and real wages adjust slowly to return the unemployment rate to the baseline.

In **Scenario 1**, the increase in government expenditure on the caring sectors is deficit-financed, with no explicit policy measures taken to recover the deficit.

In **Scenario 2**, the increase in government expenditure on the caring sectors is offset by a reduction in government-funded investment in infrastructure.

2.2.4 Limitations

The modelling provides insights into the macroeconomy and the household sector as a whole, but does not differentiate between individuals or households by income. The key finding that greater availability of government-funded care services will have a positive impact on labour supply, is of a general nature, and we make no recommendations about the distribution of these services. The existing childcare subsidy scheme is particularly complex and creates strong disincentives to work for individuals (usually mothers) in some families. Recommendations on how to simplify this system and

remove these disincentives (see for example KPMG, 2020) are not able to be derived from the CGE model.

3 Results and Discussion

3.1 Scenario 1

The increase in labour supply facilitated by additional supply of caring services is absorbed gradually by the market. By 2026, labour supply is 2.24% above the base case, and employment is 1.85% above base case, with female employment accounting for the majority of the increase (Figure 1). After 2026, labour supply stops increasing and employment gradually catches up (unemployment returns to base case level).

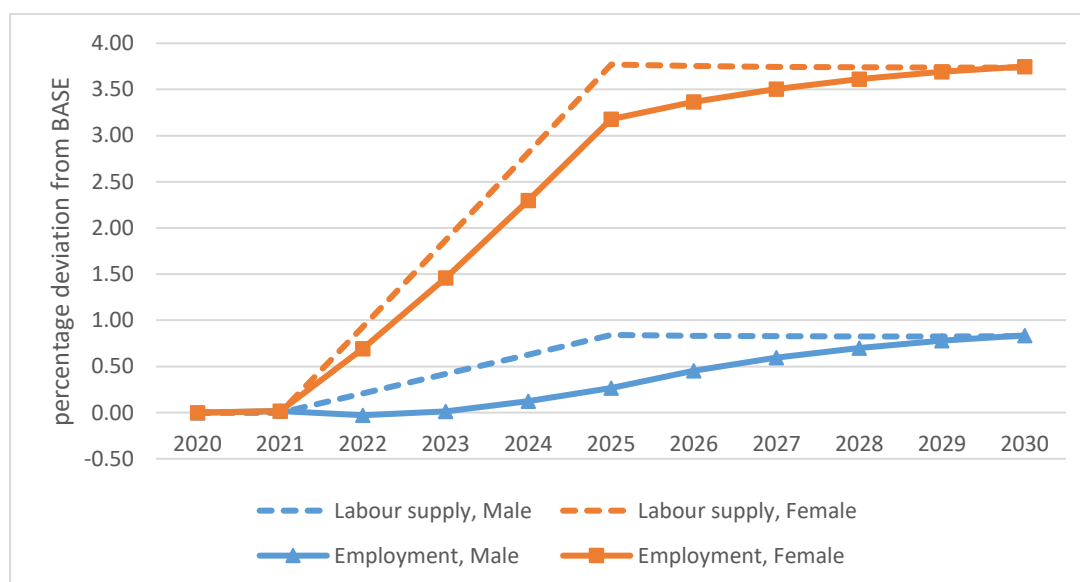


Figure 1: Employment and labour supply impacts, Scenario 1

The increase in labour supply causes slower overall wage growth (notwithstanding specific increases imposed on some occupations) but the net impact on labour income (higher employment and lower wages) is positive. There is a very slight slowing of income growth for males, and a strong increase in income growth for females (Figure 2).

Beneficiaries under the scenario include people who are relieved of some caring responsibilities and can work more hours, thus earning more income, and business owners, who can access a greater pool of labour. On the other hand, people who were already employed will experience slower wage

growth than they otherwise would have. Overall stronger income growth underpins higher tax collections on income and consumption.

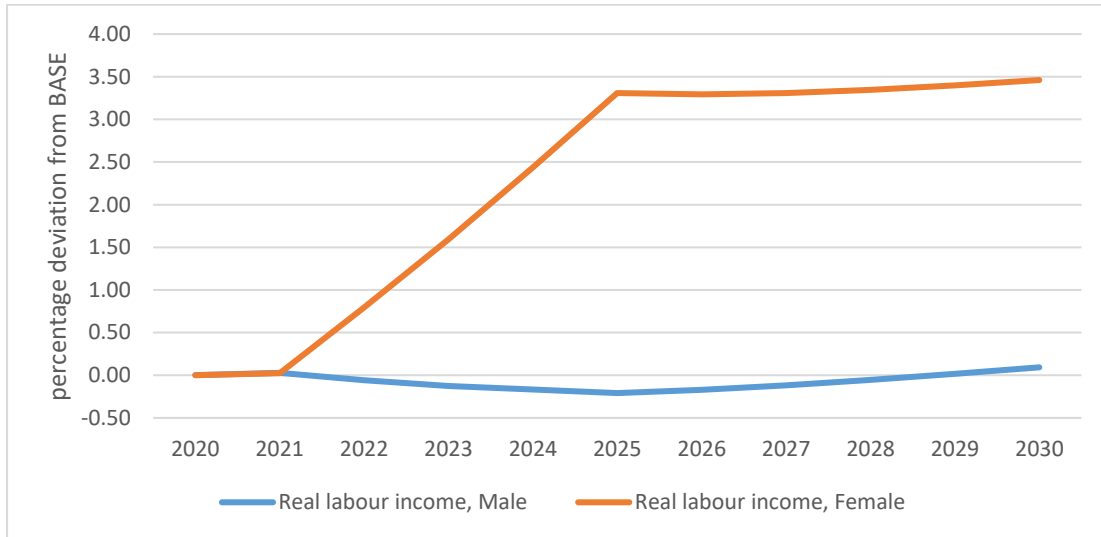


Figure 2: Impact on real labour income, Scenario 1

The increase in employment strengthens GDP growth, which remains at around 1.25 per cent above the base case from 2025 (Figure 3). Public expenditure, which includes the large additional expenditure on the care sector, grows more quickly than GDP, thus increasing its overall share of GDP. This is offset by slower export growth. Growth in household spending and investment follow a similar trajectory to GDP. Household spending is supported by stronger income growth, while investment is stimulated by the need to create more capital stocks to support the expansion in the caring sector and more widely as a response to the larger labour supply.

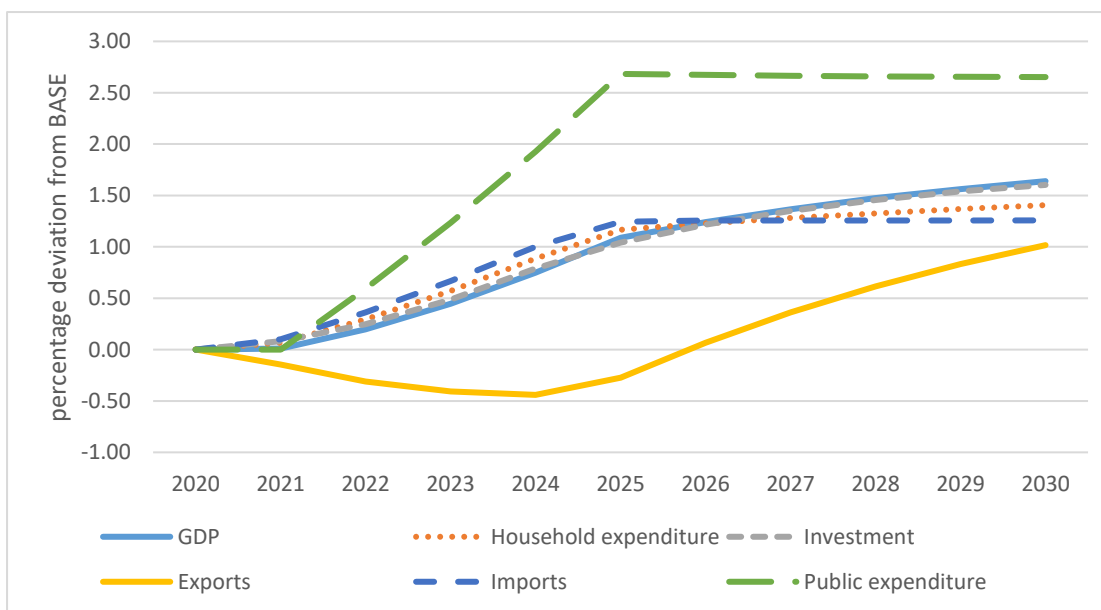


Figure 3: GDP and macroeconomic expenditure impacts, Scenario 1

All industries expand relative to the base case by 2030, but at differing rates (Figure 4). The expansion in Health care and social assistance is well above average, as this sector includes child care and aged and disabled care. Expansion in most other sectors is in the range of 1.5 to 1.75 per cent by 2030, with some exceptions. With strong domestic expenditure, the domestic currency strengthens, which makes trade-exposed industries (those that export or compete with imports, i.e. agriculture, mining, manufacturing, tourism and education) less competitive. Mining expands very little, being trade-exposed and capital-intensive (poorly positioned to take advantage of additional labour supply). Public Administration and Defence expands very little, as policy settings in respect of government expenditure on these activities are assumed not to deviate from the base case.

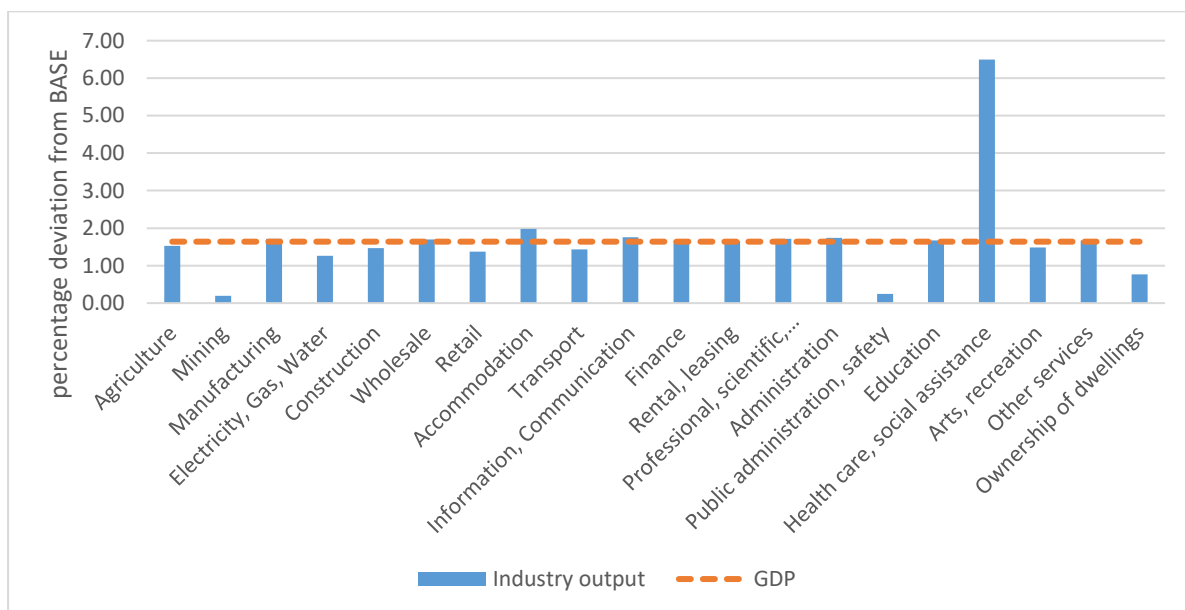


Figure 4: Impact on industry output, 2030, Scenario 1

The additional spending on care services leads to higher budget deficits over the ten-year forecast period (Figure 5). Over 2022-25, the years in which the spending is brought in, the negative impact on budget deficits increases each year, to just below \$7 billion in 2025. After 2025, economic growth and the associated tax revenues begin to offset an increasing proportion of the additional care expenditure. By 2030, the deficit is less than \$3 billion larger than it otherwise would have been, while the cost of the additional service delivery is almost \$19 billion.

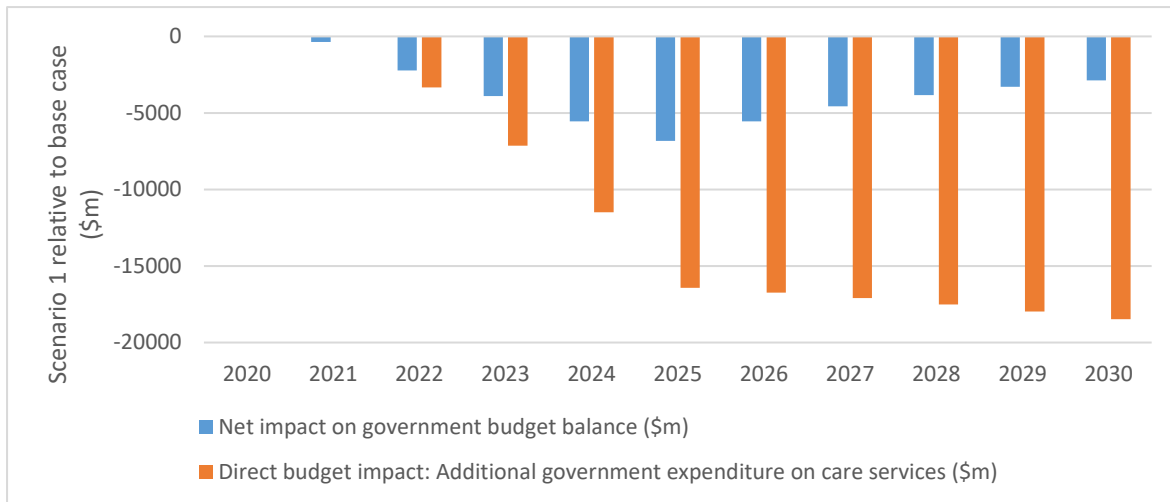


Figure 5: Impact on government budget balance relative to base case (\$m), Scenario 1

3.2 Scenario 2

In Scenario 2, the budgetary cost of the additional expenditure on care is offset by a reduction in government expenditure on infrastructure investment. The overall results are very similar to Scenario 1.

Despite the reduction in government-funded infrastructure investment, the impact on aggregate investment is still positive in Scenario 2, albeit smaller than in Scenario 1 (Figure 6). This detracts only slightly from GDP growth.

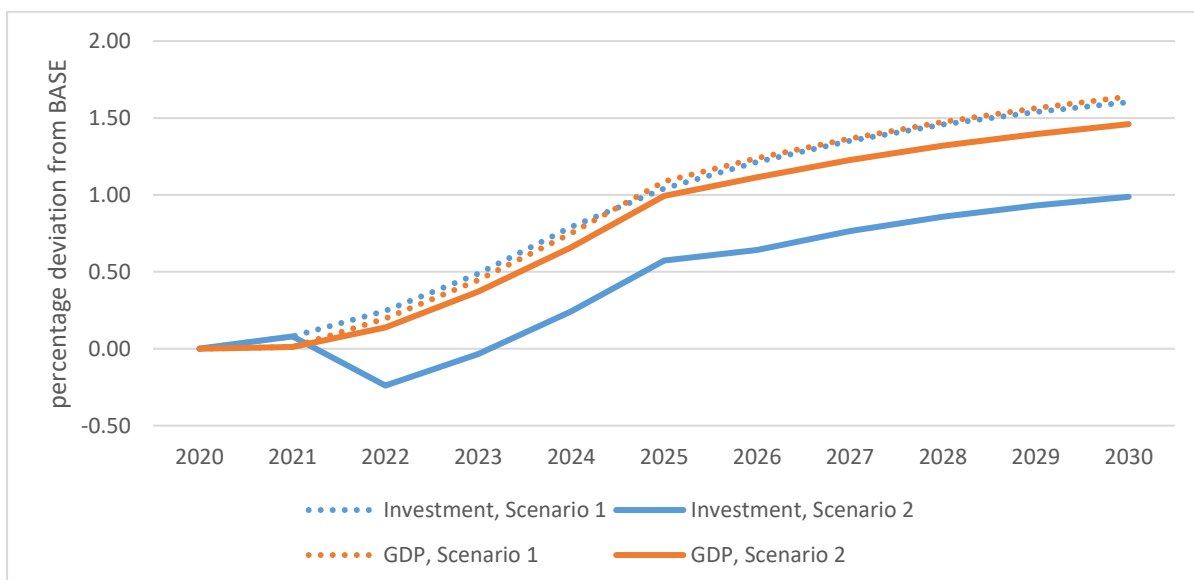


Figure 6: Comparison of GDP and Investment impacts, Scenario 1 and Scenario 2

Industry impacts are similar except there is a notable difference in output in the Construction sector (Figure 7).

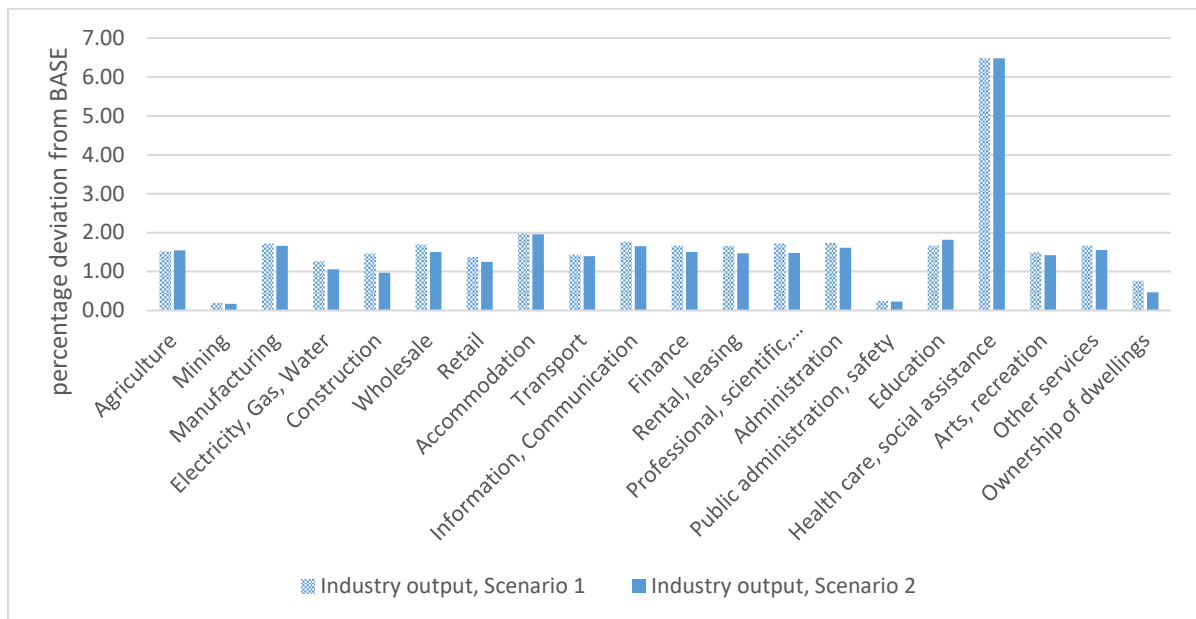


Figure 7: Impact on industry output, 2030, Scenarios 1 and 2

Unlike Scenario 1, in which the government deficit is greater than the base case throughout the simulation period, in Scenario 2, the average deficit is approximately the same as the base case average (Figure 8).

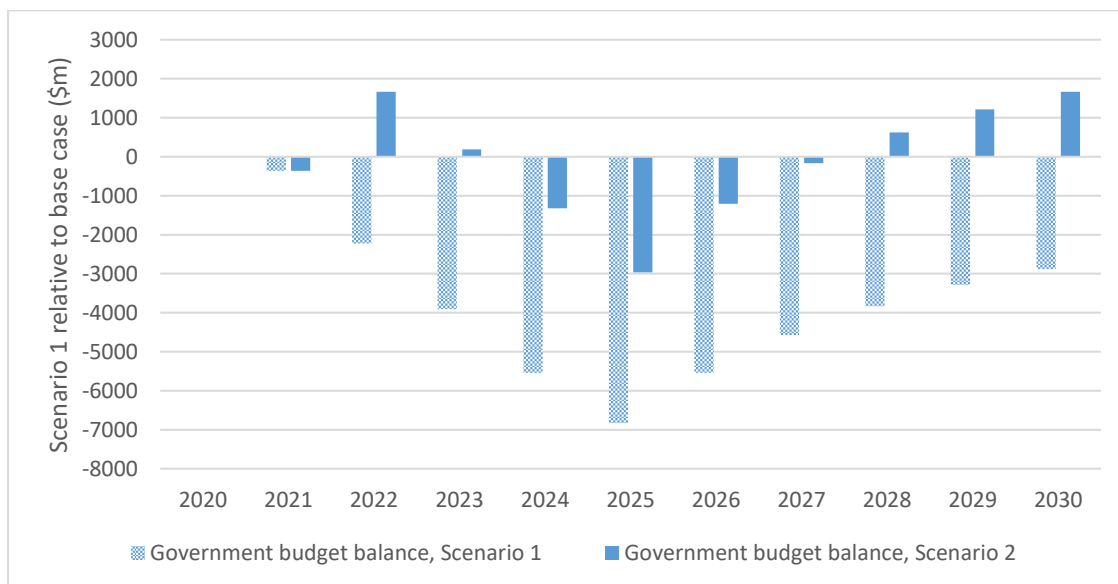


Figure 8: Impact on government budget balance relative to base case (\$m), Scenarios 1 and 2

4 Conclusions

An increase in expenditure on care services delivers clear economic benefits and helps to alleviate female economic disadvantage. Spending on care services delivers a double dividend, of job creation

in the care sector, and positive labour supply impacts for over 900 thousand Australians who perform unpaid work caring for the elderly, disabled and children. More than 70 per cent of the labour supply impact benefits women.

The economic growth derived from additional employment underpins an increase in budget revenue that offsets much of the cost to government of increased service delivery.

An option for achieving a complete offset of the costs of the additional service delivery is to reduce government spending on infrastructure. This option leads to smaller impacts on investment and construction activity, nonetheless the impacts are still positive, as is the overall outcome for GDP and employment.

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6 Tables

Note – in all tables, “2020” refers to the year ending June 30, 2020 (financial year).

Table 3: Scenario 1 Macro results (percentage deviation from base case unless otherwise stated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<u>Macro aggregates</u>											
GDP	0.00	0.01	0.20	0.45	0.75	1.09	1.24	1.37	1.47	1.56	1.64
Household expenditure	0.00	0.07	0.29	0.57	0.89	1.17	1.23	1.28	1.33	1.37	1.41
Investment	0.00	0.08	0.25	0.49	0.79	1.04	1.21	1.35	1.46	1.54	1.60
Exports	0.00	-0.14	-0.31	-0.41	-0.44	-0.27	0.07	0.36	0.62	0.83	1.02
Imports	0.00	0.10	0.36	0.67	1.00	1.25	1.26	1.26	1.26	1.26	1.26
Public expenditure	0.00	0.00	0.59	1.23	1.93	2.68	2.67	2.67	2.66	2.66	2.65
<u>Labour supply</u>											
Male	0.00	0.00	0.21	0.42	0.63	0.84	0.83	0.83	0.83	0.83	0.83
Female	0.00	0.00	0.93	1.87	2.81	3.77	3.75	3.75	3.74	3.74	3.74
Persons	0.00	0.00	0.55	1.11	1.68	2.25	2.24	2.23	2.22	2.22	2.22
<u>Employment</u>											
Male	0.00	0.02	-0.03	0.01	0.12	0.27	0.45	0.59	0.70	0.78	0.84
Female	0.00	0.02	0.69	1.46	2.30	3.18	3.36	3.51	3.61	3.69	3.75
Persons	0.00	0.02	0.32	0.71	1.17	1.67	1.85	1.99	2.10	2.18	2.23
<u>Labour income</u>											
Male	0.00	0.03	-0.06	-0.13	-0.17	-0.21	-0.17	-0.12	-0.05	0.02	0.09
Female	0.00	0.02	0.79	1.59	2.44	3.31	3.29	3.31	3.35	3.40	3.46
Persons	0.00	0.03	0.35	0.70	1.08	1.48	1.49	1.53	1.58	1.64	1.71
Government budget balance (\$m)	0	-360	-2228	-3904	-5540	-6827	-5543	-4570	-3836	-3288	-2882

Table 4: Scenario 1: Industry results (percentage deviation from base case)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry output											
Agriculture	0.00	-0.05	0.01	0.14	0.33	0.63	0.89	1.10	1.27	1.41	1.52
Mining	0.00	-0.03	-0.08	-0.12	-0.16	-0.16	-0.11	-0.04	0.03	0.12	0.20
Manufacturing	0.00	-0.05	0.00	0.13	0.34	0.66	0.95	1.20	1.41	1.58	1.72
Electricity, Gas, Water	0.00	0.01	0.10	0.24	0.43	0.66	0.82	0.96	1.08	1.18	1.27
Construction	0.00	0.05	0.17	0.36	0.61	0.84	1.02	1.17	1.29	1.39	1.47
Wholesale	0.00	0.02	0.18	0.41	0.71	1.04	1.23	1.39	1.51	1.61	1.70
Retail	0.00	0.06	0.30	0.58	0.91	1.20	1.25	1.29	1.32	1.35	1.37
Accommodation	0.00	-0.02	0.12	0.35	0.65	1.04	1.30	1.52	1.70	1.85	1.98
Transport	0.00	-0.03	0.03	0.17	0.36	0.64	0.86	1.04	1.20	1.33	1.44
Information, Communication	0.00	-0.01	0.14	0.37	0.66	1.01	1.23	1.41	1.55	1.66	1.76
Finance	0.00	0.02	0.18	0.41	0.71	1.03	1.21	1.36	1.48	1.58	1.67
Rental, leasing	0.00	0.00	0.15	0.37	0.65	0.97	1.17	1.33	1.47	1.57	1.66
Professional, scientific, technical services	0.00	0.02	0.16	0.38	0.67	0.98	1.21	1.38	1.52	1.63	1.72
Administration	0.00	-0.01	0.14	0.36	0.65	1.00	1.22	1.39	1.53	1.65	1.74
Public administration, safety	0.00	0.00	0.03	0.07	0.12	0.17	0.20	0.21	0.23	0.24	0.25
Education	0.00	-0.10	-0.13	-0.05	0.11	0.43	0.81	1.11	1.35	1.53	1.67
Health care, social assistance	0.00	0.02	1.43	2.95	4.59	6.35	6.40	6.44	6.46	6.48	6.49
Arts, recreation	0.00	0.02	0.20	0.44	0.73	1.03	1.17	1.28	1.36	1.43	1.49
Other services	0.00	0.03	0.22	0.48	0.80	1.14	1.30	1.43	1.53	1.61	1.67
Ownership of dwellings	0.00	0.00	0.01	0.03	0.09	0.18	0.29	0.41	0.53	0.65	0.77

Table 5: Scenario 2: Macro results (percentage deviation from base case unless otherwise stated)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Macro aggregates											
GDP	0.00	0.01	0.14	0.37	0.66	0.99	1.11	1.23	1.32	1.40	1.46
Household expenditure	0.00	0.07	0.00	0.34	0.69	1.06	1.06	1.12	1.17	1.21	1.25
Investment	0.00	0.08	-0.24	-0.03	0.24	0.57	0.64	0.76	0.86	0.93	0.99
Exports	0.00	-0.14	0.38	0.20	0.09	0.04	0.46	0.70	0.90	1.07	1.22
Imports	0.00	0.10	-0.21	0.18	0.56	0.96	0.87	0.90	0.91	0.93	0.94
Public expenditure	0.00	0.00	0.60	1.24	1.93	2.69	2.67	2.66	2.66	2.65	2.65
Labour supply											
Male	0.00	0.00	0.20	0.41	0.62	0.83	0.82	0.82	0.81	0.81	0.81
Female	0.00	0.00	0.93	1.86	2.81	3.76	3.74	3.73	3.73	3.72	3.72
Persons	0.00	0.00	0.55	1.11	1.67	2.24	2.22	2.22	2.21	2.21	2.21
Employment											
Male	0.00	0.02	-0.11	-0.06	0.06	0.23	0.39	0.54	0.64	0.72	0.78
Female	0.00	0.02	0.61	1.39	2.23	3.14	3.30	3.44	3.55	3.63	3.69
Persons	0.00	0.02	0.23	0.64	1.10	1.63	1.79	1.93	2.04	2.12	2.18
Labour income											
Male	0.00	0.03	-0.21	-0.30	-0.36	-0.39	-0.41	-0.37	-0.33	-0.28	-0.23
Female	0.00	0.02	0.68	1.46	2.28	3.16	3.09	3.08	3.10	3.13	3.17
Persons	0.00	0.03	0.22	0.55	0.91	1.32	1.27	1.29	1.32	1.36	1.41
Government budget balance (\$m)	0	-360	1667	186	-1318	-2963	-1204	-165	622	1218	1670

Table 6: Scenario 2 Industry results (percentage deviation from base case)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Industry output											
Agriculture	0.00	-0.05	0.23	0.32	0.48	0.70	0.98	1.16	1.32	1.44	1.54
Mining	0.00	-0.03	0.05	0.03	-0.01	-0.06	-0.02	0.02	0.07	0.12	0.17
Manufacturing	0.00	-0.05	0.21	0.30	0.46	0.69	1.00	1.22	1.40	1.54	1.66
Electricity, Gas, Water	0.00	0.01	0.05	0.17	0.34	0.56	0.68	0.80	0.90	0.99	1.06
Construction	0.00	0.05	-0.07	0.05	0.24	0.50	0.60	0.72	0.82	0.90	0.97
Wholesale	0.00	0.02	0.02	0.27	0.57	0.91	1.07	1.22	1.34	1.43	1.51
Retail	0.00	0.06	0.00	0.35	0.72	1.10	1.09	1.15	1.19	1.22	1.25
Accommodation	0.00	-0.02	0.21	0.44	0.73	1.08	1.34	1.55	1.71	1.85	1.96
Transport	0.00	-0.03	0.17	0.29	0.45	0.67	0.89	1.06	1.19	1.30	1.39
Information, Communication	0.00	-0.01	0.15	0.37	0.65	0.98	1.18	1.34	1.47	1.57	1.66
Finance	0.00	0.02	0.09	0.33	0.61	0.94	1.09	1.23	1.34	1.43	1.50
Rental, leasing	0.00	0.00	0.11	0.31	0.56	0.86	1.04	1.18	1.30	1.39	1.47
Professional, scientific, technical services	0.00	0.02	0.06	0.25	0.52	0.84	1.02	1.18	1.31	1.40	1.48
Administration	0.00	-0.01	0.16	0.36	0.62	0.94	1.15	1.31	1.43	1.53	1.61
Public administration, safety	0.00	0.00	0.03	0.07	0.11	0.16	0.18	0.20	0.21	0.22	0.23
Education	0.00	-0.10	0.32	0.33	0.43	0.60	1.05	1.32	1.53	1.70	1.82
Health care, social assistance	0.00	0.02	1.37	2.91	4.56	6.33	6.38	6.42	6.45	6.47	6.48
Arts, recreation	0.00	0.02	0.09	0.36	0.67	1.00	1.11	1.22	1.30	1.37	1.43
Other services	0.00	0.03	0.09	0.38	0.71	1.08	1.20	1.33	1.42	1.50	1.56
Ownership of dwellings	0.00	0.00	0.01	-0.01	0.00	0.05	0.13	0.21	0.29	0.38	0.47

7 Appendix: VUEF-G

VUEF-G is a variant of the VUEF model which adds a gender dimension to the existing labour market modelling framework (J.Dixon and Nassios, 2020). We formulate labour supply in a labour-leisure framework in which we also introduce home-produced domestic services (“housework”), which covers activities such as cleaning, cooking, and caring for family members, particularly children. We assume that households choose leisure, domestic services and consumption to maximise utility subject to three constraints: (i) a time constraint on total labour, leisure and housework; (ii) a budget constraint equating household wage income to expenditure on consumption (other than domestic services) and purchased domestic services (such as childcare); and, (iii) a production constraint for domestic services, which are a combination of home-produced and purchased domestic services.

VUEF-G contains all the features of a standard MONASH – style dynamic CGE model [P. Dixon and Rimmer (2002)], namely:

1. equations describing demand for domestic and imported goods and services by industries, investors, households, government and the rest of the world;
2. equations describing demand for factors of production by industries;
3. market clearing conditions for all goods and services and factors of production;
4. zero pure profit conditions determining basic prices of goods and services;
5. equations linking basic and purchaser prices through taxes and margins;
6. equations linking industry-specific capital supply to investment;
7. equations linking investment by industry to expected rates of return; and
8. equations to ensure that wage adjustment is sticky.

These equations are described in detail in many references including P. Dixon and Rimmer (2002) and Adams et al (2015).

VUEF adds to the standard MONASH framework a detailed specification for labour supply. In VUEF, the working-age population is disaggregated into many skill groups. Each skill group chooses its occupational composition of employment by maximising wage income subject to a transformation frontier.

VUEF therefore adds to the standard CGE framework a method for determining occupational employment and wages. However, participation and unemployment rates by skill group are typically exogenous, or simply indexed to their national equivalents. This treatment fails to acknowledge the likelihood that labour supply is more elastic among part time workers, particularly women. VUEF-G addresses this gap by formalizing the differences in time use between men and women.

VUEF-G comprises a large system of non-linear equations which is solved in the GEMPACK software (Horridge et al, 2018).