

## The Care Workforce Labour Market Study – August 2022 Update

The Care Workforce Labour Market Study was completed almost a year ago. Since the Study was completed, the economic environment has changed considerably.

- The Budget forecasts available at the time the Study was being prepared expected employment growth of 1% through the year to June 2022, with the unemployment rate forecast to be 5% in June 2022. In the event, employment growth was over three times stronger than forecast, while the unemployment rate was at a near 50 year low of 3.5% in June 2022.

The stronger labour market conditions are likely to have exacerbated any demand/supply imbalance across the care and support sector. Specifically, it would be expected to have driven an increase in turnover (exits), at a time of much more widespread recruitment difficulty (making it harder to replace those leaving). This would be most pronounced in those occupations subject to high rates of turnover and where retention is a known issue (such as Aged and Disabled Carers).

At the time the Study was conducted a number of key care and support occupations were in shortage (as noted in the Study), with the subsequent tightening in the labour market likely to have seen those existing shortages become more acute.

The Study was also finalised prior to the Omicron variant of COVID 19 being identified. The increase in infections on account of Omicron (and the onset of the 2022 influenza season) have seen a significant increase in the number of people who worked zero or reduced hours due to “own illness or injury or sick leave”.

- The Australian Bureau of Statistics (ABS) Monthly Labour Force Survey shows that over May and June 2022 an average of 778,700 persons worked zero or reduced hours due to own illness or injury or sick leave. This compares to an average of 447,900 persons during the 2021 Delta wave (July – September 2021). On average over 2022 to date, 704,000 persons per month have worked zero or reduced hours due to own illness or injury or sick leave. This compares to an average of 424,000 persons per month in 2021, 385,000 in 2020 and 441,800 in 2019.

The increase in absenteeism on account of illness is likely to have a disproportionate impact on sectors such as care and support where the needs of care recipients still have to be met, and where working from home (even at a partial capacity) is typically not possible.

The changed economic environment and the impact of the Omicron variant could have also impacted the demographic and labour market characteristics of the care and support workforce – pointing to the need for ongoing data collection and analysis.

The modelling conducted for the Study noted that workforce gaps would emerge quickly. Indeed, the modelling pointed to a workforce gap of almost 100,000 workers by 2027-28, with a gap starting to emerge “in the short-term” (i.e. within the first years of the modelling forecast). That modelling, however, reflected the macro-economic environment that existed at the time the Study was conducted. The current macro-economic backdrop of a much tighter than expected labour market means that the forecast gaps would be both larger than anticipated; and would emerge even more quickly than noted in the Study.

The factors discussed above make it likely that the workforce gaps (demand exceeding supply) that the Study anticipated emerging “in the short-term” in fact now exist. That in turn underscores – as the Study highlighted – the need for a range of interventions to retain existing workers and attract more people into the care and support workforce.

Adam Boyton  
National Skills Commissioner  
August 2022