Australian Government

National Skills Commission

Care Workforce Labour Market Study

Report Summary

Preface

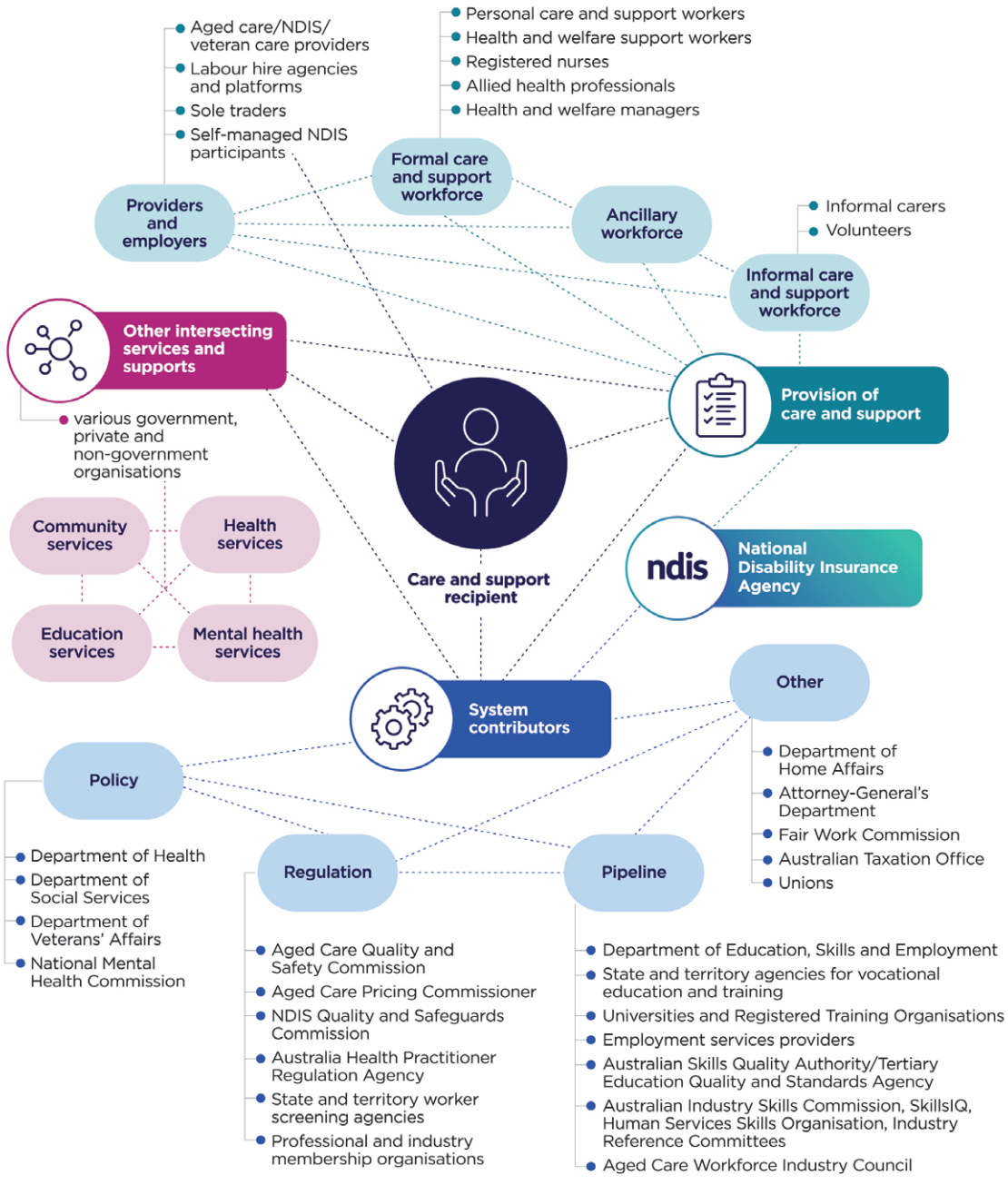
The *Care Workforce Labour Market Study* comes against a backdrop of a rapid rise in the number of care and support workers in recent years and is the first 'whole of sector' examination of the care and support workforce. This study was completed on 30 September 2021.

A complex system

The care and support landscape is complex. Essential care and support services span the aged, disability, veteran and mental health sectors. While these services are focused on meeting specific care and support needs, there are intersections and interactions across programs, cohorts, providers and workers. Care and support recipients are also often able to access services across a range of programs.

The provider landscape is also complex with over 13,000 providers, although most (around 11,000) operate exclusively within the NDIS. Just as recipients access support across programs, many providers also operate across aged care, disability, and veteran care programs.

Figure 1: Contributors to the care and support system



An overview of the care and support workforce (demographic and labour market characteristics)

The Study estimates there were around 460,000 care and support workers (excluding mental health) in Australia who are employed across a wide range of occupations and multiple industries as at February 2021.

> **Over recent years, growth in the care and support workforce has been 3 times faster than total employment across the Australian economy. This reflects the ongoing increase in demand for care and support, and particularly the introduction and subsequent expansion of the NDIS.**

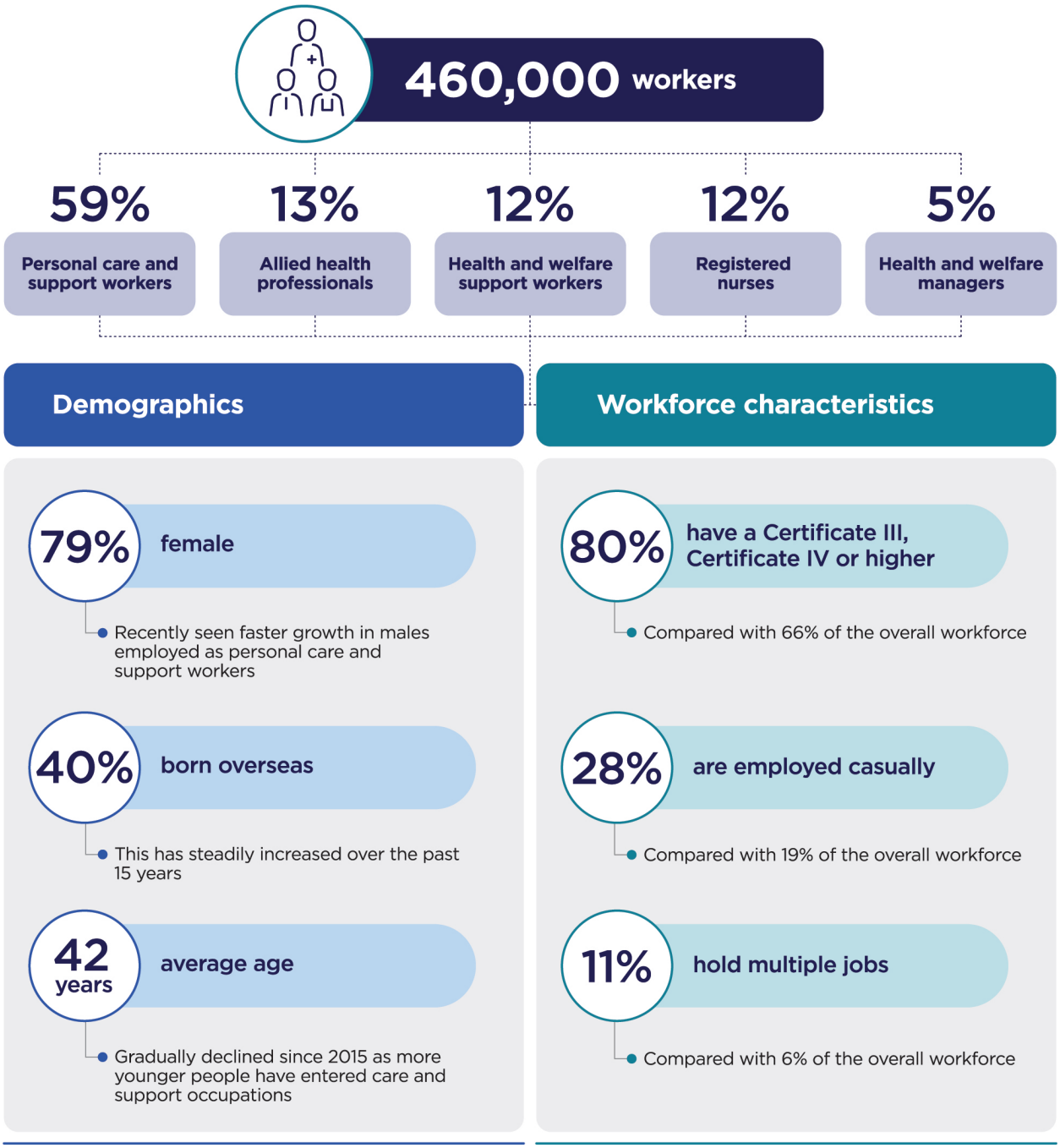
Both the care and support and mental health workforces have a higher share of female workers than the broader Australian workforce, with women accounting for around 79% of the care and support workforce, and 82% of the mental health workforce in February 2021.

- The care and support workforce is culturally and linguistically diverse (CALD) with around 40% of workers (or 183,000) born overseas – higher than the share across the overall Australian workforce (32%). This proportion has steadily increased over the last 15 years.
  - Other OECD countries are also heavily reliant on workers who are born overseas. The OECD highlights that the recruitment of overseas-born workers in a number of member countries is commonly drawn from people that have arrived through 'non-economic' visa channels. That is also the case in Australia.
- The care and support and mental health workforces have historically been relatively older than the overall Australian workforce, with an average age around 43 years between February 2015 to February 2021. This is slightly older than the average age for workers in the *Health care and social assistance* industry (42 years) and for all employed Australians (40 years).
- The regional share of the care and support workforce has remained relatively stable over the last decade with around 39% of the workforce employed in regional areas (i.e. all areas outside of capital cities) in 2021.

There appears to be a set of complex interactions at play that have resulted in the labour market characteristics of the care and support workforce.

- People in the care and support workforce are more likely to be employed part-time or on a casual basis than the economy-wide average.
  - Around half of the care and support workforce are employed on a part-time basis. Personal care and support workers (61%) and registered nurses (59%) are more likely to work part-time than allied health professionals or the overall care and support workforce.
  - In February 2021, around 28% of the care and support workforce were casual workers, compared with 19% of the total Australian workforce, and 9% of the mental health workforce.
- Care and support workers are nearly twice as likely to have more than one job than other workers. In February 2021, around 11% of the care and support workforce (or around 50,000 people) reported holding multiple jobs, compared with around 6% of the overall workforce, and around 9% of the mental health workforce.

Figure 2: Care and support workforce demographic and labour market characteristics



Almost two-thirds of multiple job holders (or around 30,000 people) in the care and support workforce are Personal care and support workers.

- There is a significant degree of variability in incomes across the care and support workforce. This reflects both higher average hourly rates of pay for higher skill level occupations versus lower skill level occupations, as well as the tendency for lower skill level occupations to have lower average hours worked per week.
  - On average and across the economy, income tends to increase with age, peaking at around 45-54 years. However, for personal care and support workers, there was little to no earnings variation across age groups. In contrast, higher skill level occupations in the care and support workforce tend to see greater variation in earnings between age groups, with this being most pronounced for allied health professionals.

While some indicators, such as lower average hours worked per week and underemployment rates, might suggest latent capacity within the sector, the extent to which this can be used is dependent on a range of other factors (from system settings to worker and provider preferences).

Qualifications and attributes of the care and support workforce

Over 80% of the care and support workforce (excluding mental health) have attained a certificate III/IV qualification or higher (in any field of education) compared with 66% in the overall labour market.

- Nine of the 15 in-scope occupations require a bachelor degree or higher as their indicative entry qualification for employment, and 4 of these occupations are accredited and regulated by the Australian Health Practitioner Regulation Agency (AHPRA).
- The specialised nature of much of the care and support workforce means that anyone considering transitioning into the care and support workforce from outside the sector may require formal or on-the-job training.

Many providers consulted through the Study raised the importance of the attributes and values individuals bring to care and support roles. For these providers, attributes were seen as more important than qualifications in lower skill level roles.

The supply of skilled workers through the VET system can be viewed as a pipeline with several conversion points from enrolment to employment. Given the nature of this pipeline, to place one individual in a relevant care and support job from this pipeline (based on current state), close to 2 individuals would need to be enrolled in a relevant VET qualification.

- A consistent theme highlighted by stakeholders was the importance of high-quality training for the care and support workforce. That said, there were differing views on whether this should be formal or on-the-job training.

Factors influencing retention and supply of the care and support workforce

There are a number of aspects of working conditions for the care and support workforce, highlighted by the Aged Care Royal Commission, that can erode job satisfaction and contribute to staff turnover. These include high workloads, work pressures, inadequate staffing and skill mixes, working conditions and arrangements including pay.

The Aged Care Royal Commission also highlighted the importance of good leadership, supervision and support, as well as training and skills development. Many of these issues are also evident in industry surveys in the disability sector.

Exits from the workforce are most likely to occur within the first few years, and higher skill level occupations generally see greater retention.

- Research suggests early career allied health workers and nurses are at risk of worker turnover.
- Stakeholders (and data) also suggested that turnover in the first year is a significant challenge for providers employing people in the Aged and disabled carers occupation.
  - Hence, attraction and retention strategies are often closely intertwined and for some providers, retention strategies begin even before recruitment. Many stakeholders spoke about ensuring the right candidates, with a passion for the job, are recruited and that students are appropriately supported during training.

Regional and remote areas face unique challenges including workforce retention.

- The importance of developing a local Aboriginal and Torres Strait Islander workforce was reiterated strongly during the consultation process, including engaging with the local Aboriginal and Torres Strait Islander community to link people to health systems and of attracting community members with the right skills to the care and support workforce.

A factor in workforce attraction and retention is the opportunity for workers to grow, progress and advance their careers. Stakeholders consulted during the Study highlighted the importance of enhanced career paths for the care and support workforce. The term ‘career path’ was used in a range of different contexts, however, most can be summarised as progression through roles that lead to more pay and/or responsibility. This could be through one job or through a series of jobs.

- Ongoing professional development was consistently highlighted by stakeholders as a key enabler of the care and support workforce. This was considered especially important given the evolving and complex work context in which care and support workers are required to practice.

The various examples provided in the Study across worker screening, provider regulation, pricing, awards and taxation speak to the significant complexity of operating within and across the care and support system. Given this, it is important that the workforce implications of regulatory and operating frameworks are considered both in their program-specific context, and also from a whole-of-care and support system perspective. Without this, the potential for disincentives and unintended consequences is high, and risks exacerbating service delivery and workforce gaps.

A workforce 'gap' is forecast, but the outlook could change

Looking forward, it is expected that by 2049-50 the total demand for the care and support workforce will be around double that seen today.

While the care and support workforce has grown significantly over the past 2 decades, the baseline forecast anticipates that workforce supply will grow more slowly over the next 30 years.

- At a macro level, a number of factors that have supported growth in the care and support workforce over recent decades are unlikely to enable similar growth into the future. In particular, female labour force participation is unlikely to rise over coming decades as it has in the past. Further, trends in female education attainment suggest that lower skill level care and support occupations may not see the same supply of domestic female entrants as in the past.
- Competition for migrant care and support workers is also increasing against the backdrop of increasing demand for care and support workers from global population ageing and proportional decreases in the working age population.
- Recognising growing competition, many OECD countries have implemented measures to influence attraction of migrant care and support workers.

With workforce demand expected to exceed workforce supply, a workforce gap emerges in the short-term and continues to grow. This gap is approximately 211,430 full-time equivalent (FTE) positions by 2049-50.

The scenario analysis in the Study shows that there is no single solution to closing the anticipated workforce gap.

Indeed, a key conclusion to draw from the modelling in this Study is not the size of any future workforce gap, but that ultimately the care and support workforce may need to look different in the future.

- It is also important to remember that models fail to fully capture the complexity and the dynamic nature of a modern economy. For example, the introduction of the NDIS created the need to recruit a large workforce over a very short period of time, with concerns about a workforce shortage. However, the labour market was broadly able to manage the roll out of the NDIS (including through attracting at the margin more younger people and men into the care and support workforce – noting that they remain a relatively small share of the overall workforce). It is therefore important that there is sufficient flexibility in the labour market to facilitate such adjustments.

The possible heightened competition for workers, and the smaller future pool from which to draw from also highlights the importance of productivity.

- From a workforce demand perspective, stronger productivity growth within the sector could contribute to lowering future workforce demand. From a supply perspective, stronger productivity growth across the economy as a whole could increase the potential supply of workers for the care and support sector.

Figure 3: The outlook

Demand for the care and support workforce will **double by 2049-50**.

Workforce supply will grow more slowly and a **workforce gap** will emerge of approximately **211,000** **full-time positions**.

The workforce gap **emerges quickly** in the modelling and **grows over time**

To meet **Australia's needs**, the care and support workforce may need **to look different** in the future than it does today.

The scenario analysis in the Study shows that there is **no single solution** to closing the anticipated workforce gap.

Care and support in mental health

Like the care and support system, the mental health landscape is complex. Policy responsibility for mental health is shared across Australian, state and territory governments and a range of different departments and agencies. There are also a broad range of non-government organisations that operate across community mental health services.

Data gaps are a significant issue across the mental health landscape. Defining the mental health workforce is also challenging. In part this is due to the continuum of mental health and the scope of activities and services, as well as the absence of agreed definitions and data limitations.

Given these complexities, the Study has provided an illustrative analysis of the mental health workforce, with a focus on 7 key occupations (across 2 occupation groups – medical mental health workers and non-medical mental health workers) that have a direct connection to the delivery of mental health services as part of their role.

- The 4 non-medical mental health occupations are of similar size, with welfare, recreation and community arts workers being the largest, followed by psychologists, social workers and counsellors.
- Registered nurses and general practitioners and resident medical officers are the largest medical mental health occupations, which is unsurprising given their role in the broader health sector. Psychiatrists are the smallest occupation.

The demographic profile of the mental health workforce has some similarities with the care and support workforce

- Like the care and support workforce, the mental health workforce has a much higher concentration of females (82%) than the overall workforce (48%) – primarily driven by a high prevalence of females in non-medical mental health occupations.
- The mental health workforce is culturally and linguistically diverse with around 40% of the workforce born overseas.
- Mental health workers, are typically older than other Australian workers. The average age of the mental health workforce has also been increasing over time.

Labour market characteristics are different, though.

- Mental health workers are less likely to work part-time than those employed in the care and support workforce.
- Mental health workers also typically work more hours per week than the care and support workforce, but less than the total workforce. Medical mental health workers (other than registered nurses) work more hours than non-medical staff.
- The wage income of mental health workers varies significantly by occupation, with medical occupations mostly earning more than non-medical occupations. Only 2 occupations earned less than the Australian average: counsellors and welfare, recreation and community arts workers.
- The mental health workforce is highly qualified, with education pathways predominantly associated with higher education.
- That said, other skill levels are likely represented in the broader range of mental health occupations that sit in the areas of prevention, early intervention and mental health care and support.

The mental health care and support landscape is changing and may overlap more with the broader care and support sector in the future. As a result, both systems may be increasingly drawing from similar pools of workers. Mental health skills are also growing in importance across a range of different occupations, adding to broader demand.

Estimating demand and supply is more challenging across mental health, although there may be unmet demand. The Productivity Commission estimates that around one million people with mental illness are receiving no clinical care and noted many people do not receive the treatment and supports that they need, or at the level that they need them.

Given the unclear starting point for demand and supply across mental health, it is difficult to quantify whether there is currently a gap between workforce demand and supply for mental health, or the magnitude of any such gap into the future. That said, a number of indicators suggest a degree of pressure on the workforce.

> **The Productivity Commission found that there was a shortage of psychiatrists in Australia, particularly those specialising in the treatment of children, adolescents, and older people.**

- Psychiatrists, general practitioners and resident medical officers and psychologists are identified as being in shortage on the NSC's Skills Priority List.
- Analysis undertaken to inform the draft *National Mental Health Workforce Strategy* also estimated that the current mental health workforce was significantly below the national target levels in the 2019 National Mental Health Service Planning Framework.
- Additionally, mental health occupations have experienced employment growth in recent years, and this is expected to continue over time.

Despite data constraints, the broad conclusions from the care and support workforce modelling are likely to also prove salient in the mental health context.

- For mental health occupations at skill level 1, the supply of workers will be both a function of enrolments and completions in higher education and skilled migration levels. Negative trends in either of these supply changes will exacerbate any gap, noting that the education and training for some occupations takes many years to complete.
  - The age profile of psychiatrists presents some risk to this occupation in the mental health workforce.
- It is possible that emerging mental health occupations and those providing early intervention, prevention, and mental health care and support may have similar skill level characteristics to the majority of the care and support workforce. As the gap is most acute at these skill levels for the care and support workforce, this may also be where the largest workforce gap may emerge within the mental health workforce, particularly if all programs and services across aged, disability, veteran and mental health care and support are competing for the same pool of potential workers.

A framework for monitoring the care and support workforce

The Study proposes a new monitoring framework for the care and support workforce.

The framework has 3 components:

regular snapshots which provide point-in-time assessments of the care and support workforce

re-baselining the demand and supply models to revise future forecasts

regular assessment of the impacts of new policy on the demand for and supply of the workforce.

For this framework to be successful it will need to consider the workforce from a cross-program perspective. Workforce implications need to be given active consideration in policy development and decision making across all care and support programs in light of the risk that workforce gaps could emerge in coming years.

Definitions and approach used in the Study

For the purposes of this Study, the key considerations that have informed the selection of occupations are:

- Cross-cutting – those occupations that are common across aged, disability and veteran care and support (given the purpose of the Study is to provide a holistic view of the care and support workforce).
- Direct role – occupations with a direct role in resident, client, participant or patient care. Ancillary occupations with a limited or indirect role are out of scope, as are roles employed almost exclusively in medical and hospital settings.
- Data availability – the Study uses ANZSCO as the basis for exploring occupations. To a lesser extent, the Study leverages other data sources, where possible, to supplement and explore different aspects of the workforce.

Fifteen ANZSCO occupations (at the 4-digit level) were selected as the care and support occupations in scope of this Study. To better reflect the care and support workforce, these occupations were arranged into 5 occupation groups. These groups are:

- Personal care and support workers
- Health and welfare support workers
- Registered nurses
- Allied health professionals
- Health and welfare managers.

By applying both an occupation and industry lens, the Study attempts to provide an accurate view of the care and support workforce; noting that a comprehensive cross-program definition of the care and support workforce does not yet exist.

- For example, while many registered nurses are employed in aged care, most work in hospitals. It is therefore important, yet difficult, to differentiate the workforce not just by occupation but also by industry.

The Study identified a number of data gaps and limitations through the course of its work. Greater levels of granularity in occupation and industry disaggregation for the care and support workforce is important for workforce monitoring, planning and development, as well as job design, career progression, training investment and remuneration. Identifying workforce developments and trends at a regional level is also a challenge.

Acknowledgements

The Study wishes to acknowledge the organisations and individuals who made valuable contributions to the Study, including the stakeholders who met with the Care Workforce Labour Market Study Taskforce or made a written submission.

The dedication and passion of so many that work across the broad care and support sector is also acknowledged, and deeply appreciated.

For more information,
see the *Care Workforce Labour Market Study* in full at

nationalskillscommission.gov.au