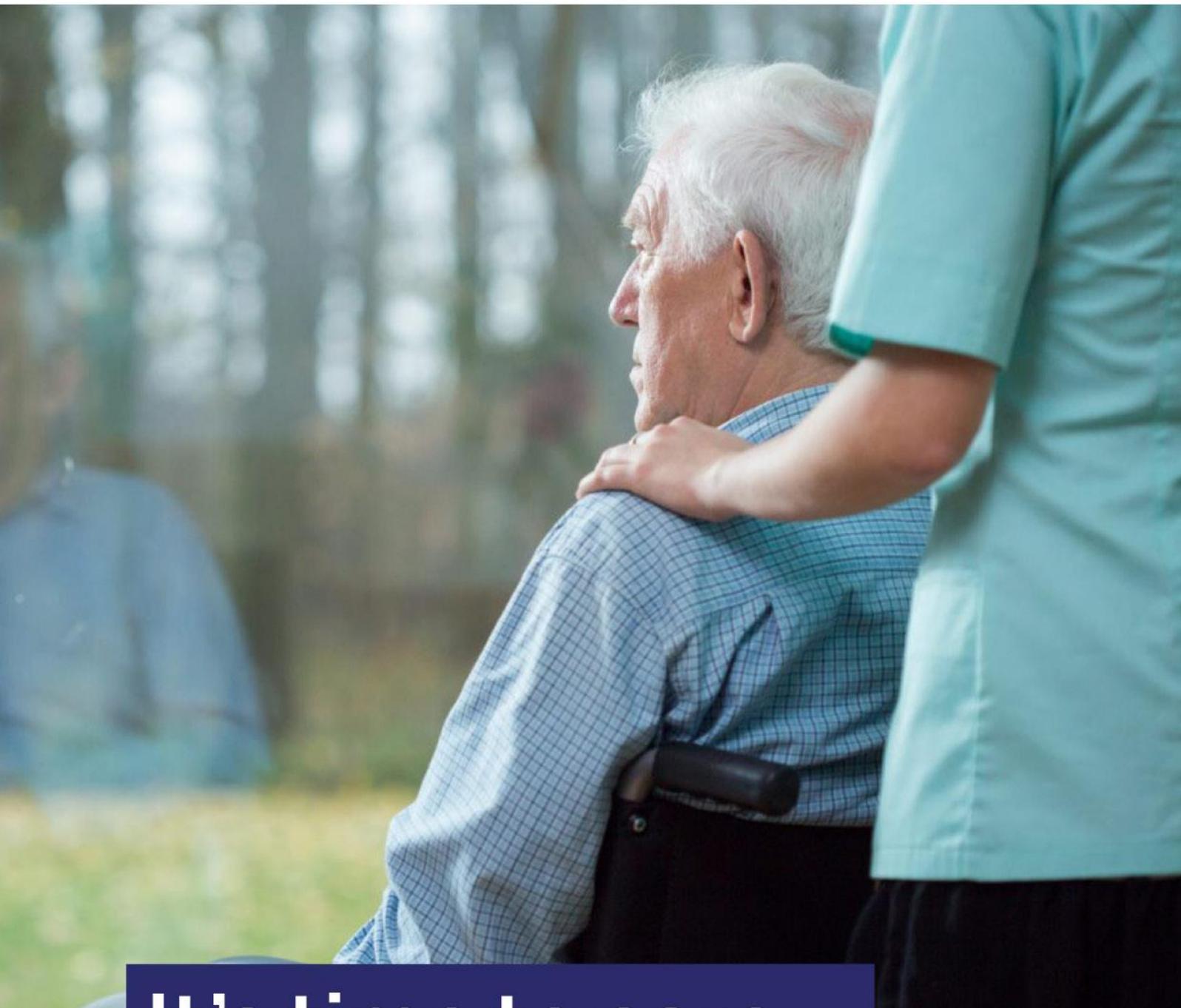




Australian
Aged Care
Collaboration



It's time to care about aged care.

**Priced out:
Aged care wages and living costs**



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About the Australian Aged Care Collaboration	2
Introduction	3
Our methodology	3
What we found	5
What can be done	8

About the Australian Aged Care Collaboration

The Australian Aged Care Collaboration is a group of six aged care peak bodies: Aged & Community Services Australia (ACSA), Anglicare Australia, Baptist Care Australia, Catholic Health Australia, Leading Age Services Australia (LASA) and UnitingCare Australia.

Together, we represent more than 1,000 organisations that are responsible for about 70 percent of the services delivered to the 1.3 million Australians receiving aged care, either at home or in communal residential settings.

We understand the needs of an ageing Australian population because collectively, our members support older people in cities as well as regional and remote localities, across all states and territories. In addition, we are major employers and users of local goods and services.

In 2021, the Royal Commission into Aged Care Quality and Safety delivered a historic set of recommendations to overhaul the aged care system. The Australian Aged Care Collaboration's aim is to ensure there is political will to make the systemic changes needed to meet the needs of older Australians now and into the future.

Introduction

Everyone deserves quality care as they get older. All of us should be able to get quality care, with dignity, when we need it.

The only way to deliver that care is with a strong workforce.

Yet Australia's aged care workforce is under pressure. Low pay is forcing workers to make tough decisions. Many workers are leaving aged care altogether.

Priced out looks at how wages for aged care workers are stacking up against living costs. It does this by comparing average wages for workers in the residential and home care sectors against key cost of living indicators – average rents, childcare expenses, grocery costs, and petrol.

We find that aged care workers are being priced out of their own communities. This helps explain why so many workers are leaving the sector. Without action many more will follow, worsening the workforce crisis facing the sector.

To tackle the workforce crisis, the Australian Aged Care Collaboration (AACC) is calling for:

1. **A Workforce Partnership Supplement**
2. **A minimum wage increase for aged care workers**
3. **A commitment to a multidisciplinary workforce**

Without action, the workforce crisis will only get worse. Quality of care for older Australians will continue to suffer. It's time to make sure that older Australians get the care they deserve, once and for all.

Our methodology

This analysis was developed by comparing data on key living costs against average wages for aged care workers. Average weekly costs for food, drink, transport, health, childcare and education are based on data from the ABS Household Expenditure Survey from 2015-16, adjusted for inflation using changes in the most closely related CPI group.

Average weekly rents are sourced from the most recent SQM Research Weekly Rent Report for the week ending 12 March 2022. Weekly rents for a 1 bedroom apartment are not published by SQM but are estimated by discounting the 2 bedroom rent by 10 per cent. This reflects the typical difference between 1 and 2 bedroom rental prices in data published by the NSW Tenants Union.



Expenses are then compared to income for a certificate III qualified personal care worker who is employed at roughly the award rate, and who works a full 38-hour week.



What we found

A qualified personal care worker in aged care (i.e., with a certificate III) can expect to be paid about \$900 for an ordinary full-time week of work based on award rates. That drops to \$773 in after tax income to cover their expenses. Based on these earnings, we have modelled the impact of living costs for three common household types and provided estimates of remaining income.

Based on average earnings and expenses, an aged care worker in a single household would have \$156 of income each week after these basic expenses to cover other costs.

An aged care worker in a single-parent household would not be to cover even basic expenses without working extra hours, working late nights or weekends, and relying on additional government benefits.

An aged care worker in a typical two-parent household would have \$34 of disposable income each week after expenses.

Breakdowns of weekly living costs are provided at Tables 1, 2 and 3 for each household type.

Table 1. Living costs, aged care worker under 35 in a single household

Expense	Total cost per week
Rent (1 bed unit)	\$384
Transport	\$113
Food and drink	\$135
Health	\$29
Total	\$661
Income remaining for other expenses	\$112



Table 2. Living costs, aged care worker in a typical single-parent household with dependent children

Expense	Total cost per week
Rent (2 bed unit)	\$425
Transport	\$158
Food and drink	\$221
Education	\$49
Health	\$921
Total	\$816
Income remaining for other expenses	-\$148

Table 3. Living costs, aged care worker in a typical two-parent household with dependent children

Expense	Total cost per week	Individual contribution
Rent (house)	\$571	\$286
Transport	\$338	\$169
Food and drink	\$361	\$181
Education	\$122	\$61
Health	\$120	\$60
Total	\$1,512	\$756
Income remaining (individual contribution)	\$17	

These assumptions only cover basic weekly living costs. Remaining income after expenses would need to cover monthly and quarterly bills such as telecommunications and utilities, as well as incidental household expenses.

Our calculations suggest that aged care workers in single households are likely to be in serious financial stress with little or no savings buffer, while aged care workers in coupled households are likely to be financially dependent on a partner's income.

The results also reinforce concerns that aged care workers, like other frontline workers, are being priced out of housing. Based on the internationally accepted benchmark that rent needs to be no more than 30 percent of a household budget to be affordable, each of the households we modelled is likely to be under stress, most severely in the case of single-parent

households. This helps explain why some aged care providers are being forced to offer housing options to attract staff.

All of these findings explain why, alongside other factors, the system is now facing major workforce shortages. Low pay is a leading cause of work dissatisfaction among aged care workers, and the most common reason why workers leave the sector.¹ Aged care services are competing for workers with the National Disability Insurance Scheme, the health system, and the community sector. Each of these sectors is funded to offer higher pay to these workers. Even after the Royal Commission, fair and competitive pay for aged care has not been funded by Government.

Fixing the aged care pay gap is key to solving this crisis. Our findings show that these issues can't be ignored any longer.



What can be done

These results confirm what many of us already know. Despite the critical role they play in the lives of older Australians, aged care workers are being priced out of their own communities by low pay.

This helps explain why so many workers are leaving the sector. Without action many more will follow, worsening the workforce crisis facing the sector.

Without action, the workforce crisis will only get worse. Quality of care for older Australians will continue to suffer. It's time to make sure that older Australians get the care they deserve, once and for all.

The AACC is calling on all parties and candidates to agree to:

1. **A Workforce Partnership Supplement** for providers to spend on increasing wages, training, minutes of care, 24-hour nursing, COVID-19 prevention, and workforce retention costs.
2. **A minimum wage increase for aged care workers** by funding the Fair Work Commission Work Value Case, and award wage increases from July 2022.
3. **A commitment to a multidisciplinary workforce** by putting in place an allied health needs assessment and funding model by July 2024.

These actions are vital to building the workforce we need by making sure the workers – who older people depend on – are properly paid and well-supported.

Australians have made it clear – they expect quality aged care. The Australian Aged Care Collaboration endorses and amplifies this call. We are calling on all parties and candidates to join us.

It's time to take action, and care about aged care.

ⁱ HESTA Super Fund (2021) [State of the Sector Aged Care Workforce Insights: COVID and Beyond](#). p25.