Australian Labor government's belated aged care pay rise will not resolve dire conditions for workers or residents

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The Australian federal Labor government announced earlier this month that it would fund a 15 percent pay rise for some aged care workers from July 1, following an order by the Fair Work Commission (FWC) in November last year.

The government committed $11.3 billion over the next four years to fund the increase, transferring billions of dollars to the private providers that dominate the sector, to ensure that the wage increase will not affect the accumulation of profits.

The increase will only apply to the minimum wages of workers covered by the Aged Care Award, the Nurses Award and the Social, Community, Home Care and Disability Services (SCHADS) Award. This means that workers in support or administration roles, as well as most food services employees, will not see an increase in their award rates.

There is no obligation for employers to raise the wages of aged care workers who are paid higher than the minimum award rate for their job classification, but providers will receive the full funding increase regardless of whether they pass it on to their employees.

Aged care workers are among the most poorly paid workers in the country, earning an average of around $24 per hour. The 15 percent pay increase will only bring wages up to around $28 per hour. This does not even begin to make up for years of real wage cuts and keep pace with the cost of living, which is rising even more rapidly than the official 7 percent inflation figure suggests.

The meagre increase comes more than 13 months after Labor took office, having promised in its election campaign to fund whatever pay rise the FWC ordered. The unions covering aged care workers have hailed this as a "victory," although it falls far short of the 25 percent they called for a year ago. The unions prevented any fight by workers, leaving the wage decision in the hands of the pro-business industrial tribunal.

The government proposed in December last year that the wage increase be split into two parts, with 10 percent to be paid from July 1, 2023 and the remaining 5 percent from July 1, 2024, but this was rejected by the FWC.

The federal budget, released Tuesday, outlined that beyond the pay increase, new expenditure on aged care will be minimal. Just $309.9 million will be added to the $3.9 billion over five years announced in the October budget. This falls well short of the estimated $10–20 billion annual increase needed to implement the recommendations of the 2021 Royal Commission into the aged care crisis.

The limited measures for aged care are in line with the overall character of Labor's budget, which slashes social spending and funnels vast sums of money to the war machine and tax cuts for the wealthy. Total health spending will be reduced from $115.5 billion in 2021-22 to $104.1 billion in 2023-24.

The main aged care measure announced last year was the requirement, starting July 1, for a registered nurse (RN) to be on duty at all times in every aged care facility. However, with no mandated nurse-to-patient ratios, a single RN could be left in charge of hundreds of residents.

Federal Aged Care Minister Anika Wells admitted in March that one in twenty aged care homes, mostly in rural and regional areas, will not meet the July 1 deadline, due to a chronic shortage of qualified nurses, worsened by the ongoing COVID-19 pandemic.

Over the past two decades, the percentage of aged care workers who are registered nurses has fallen from 21 percent to just 15.6 percent. The bulk of the workforce consists of “personal care workers” with minimal training. More than one-fifth of workers in the sector are employed on a casual or labour-hire basis, while just 6 percent have permanent full-time jobs.

In addition, from October 2023, aged care facilities will have to provide a minimum of 200 “care minutes” per resident per day, less than the 215 minutes per day recommended by the royal commission.

There have been media reports of aged care facilities advising they will close citing costs and being unable to meet the new staffing requirements. These include three aged care facilities in Perth, Western Australia owned by Brightwater Care Group and three in Sydney, New South Wales, owned by Wesley Mission, affecting nearly 200 residents.

The rapid closure of these aged care homes would be a major upheaval for residents and their families. The closures are occurring predominately among smaller, “not-for-profit” aged care providers, leading to further consolidation of the sector around a small number of large corporations.

These measures will do little to improve the standard of care for residents in Australia’s aged care facilities. The government noted in the budget papers an anticipated saving of $2.2 billion over the next three years, because people are avoiding residential care as a result of the grim conditions exposed by the royal commission.

The catastrophic impact of COVID-19 in aged care has undoubtedly contributed to this trend as well. More than 5,400 aged care residents have been killed by the virus, while 140,000 residents and 85,000 workers have been infected in more than 14,000 outbreaks. This is the direct result of the profit-driven removal of virtually all anti-COVID measures by all state, territory and federal governments with Labor playing the leading role.

Over 90 percent of aged care facilities are privately owned. The privatisation of the sector has been carried out over decades by Labor and Liberal-National governments alike, with the full collaboration of the union apparatus. Any funding for the aged care industry therefore serves primarily to increase the profits of aged care providers, whose interest is to minimise costs by slashing services.

This also means that elderly people and their families face a growing cost and declining standard of care. The maximum aged care interest rate, which is set by the government and determines the daily cost of aged care accommodation, was increased on April 1 to 7.46 percent, its highest level in 10 years, up from 4.01 percent in October 2021.

The ongoing crisis in aged care is a sharp expression of the broader destruction of healthcare, which threatens the health and lives of the population. This is the result, not of a lack of money or resources, but of the capitalist system which subordinates human life to the interests of profit.

The past 18 months have featured mass strikes and protests by health workers across Australia and internationally, including in aged care, against the deepening attack on jobs, wages and conditions. But this action has been limited and isolated by the unions, which have worked with management and governments to enforce sell-out agreements and massive real wage cuts.

Workers need to build their own organisations of struggle, rank-and-file committees, through which they can democratically develop their demands and a fighting plan of action. To take this forward for decent pay and conditions, workers will need to break the isolation imposed by the union bureaucracy and join their counterparts across the health sector and more broadly in a unified struggle against privatisation and the austerity agenda of the Labor government.

Ultimately, the dire conditions confronting workers and residents in aged care can only be resolved through the fight for a socialist program aimed at placing the entire health and care sector, along with the major corporations and banks, under public ownership and workers’ control, to meet social need, not private profit.