

Australian Labor government seeks to delay nominal wage rise for aged care workers

Martin Scott
18 April 2024

The federal Labor government last week called for a long-promised increase in minimum wages for aged care workers across Australia to be delayed and phased in over two years.

Under Labor's proposal, the pay rise, which was announced with tremendous fanfare last month, will be split into two parts, meaning the full increase will not be implemented until January 2026.

More than 90 percent of aged care services are privately owned, and more than a third are operated for profit, but the vast bulk of the sector's funding comes from the public purse. The Labor government has "committed" to paying for the wage increase, but not until next year, and has asked the Fair Work Commission (FWC) for the two-phase approach, to ensure it has "a non-material impact on business and employer costs."

This delay underscores the completely inadequate character of the pay rise. Despite proclamations by union leaders of "a historic improvement" and breathless media reports of a 28.5 percent wage increase, this figure disingenuously included a 15 percent "interim" increase already awarded in November 2022, and paid starting July 2023.

This means that the rise ordered by the FWC, the pro-business industrial tribunal, amounted to an average of less than 7 percent over current rates. Some workers were awarded a nominal pay rise of just 2 percent, while the largest increase, granted to a single classification of workers, was 13.5 percent.

In its submission to the FWC, the Labor government noted chronic staffing shortages in hospitals, disability care and childcare, where workers supposedly "have substitutable skills with aged care workers." As a result, "the Commonwealth considers it prudent to adopt a phased approach ... particularly where large wage increases may draw workers from other sectors of the economy that also face employment shortages."

In other words, the pay rise for aged care workers must be delayed and delivered piecemeal, to prevent a hypothetical mass exodus of nurses, disability carers and early childhood educators from their own underfunded and crisis-ridden sectors.

This dubious proposition—an insult to the expertise and dedication of health and care workers, many of whom have remained in these fields for years or decades, despite dire pay and conditions—is little more than a smokescreen.

The Labor government's real agenda is spelled out later in the submission: "[T]he Commonwealth funding commitment has been made in the context of its fiscal strategy, which is focused on

improving the budget position in a measured way, consistent with the overarching goal of reducing gross debt as a share of the economy over time."

That is, workers, including some of the lowest paid in the country, must be made to shoulder the economic burden of government handouts to big business and a rapidly escalating military budget in line with the demands of US and Australian imperialism.

The government is seeking to prolong the financial pain of aged care workers in order to keep costs down, not only in that sector but more broadly, by making it easier to continue suppressing wages across health, disability and childcare.

Labor's submission also includes the bogus claim that the phase-in plan is designed to prevent the meagre pay increase "adding to inflation."

Even Reserve Bank of Australia Governor Michele Bullock ridiculed the notion of an aged-care funding induced wage-price spiral, declaring last month, "I don't think it will make a measurable difference really to what we're forecasting."

Aged care workers are among the most poorly paid workers in the country. Hourly wages for personal care workers currently start at just \$27.56 per hour, while those who hold a Certificate III in Aged Care—the most common classification—are paid just \$30.

The Labor government's phase-in plan means that all but the most senior aged care workers will still be paid less than the *current* national median wage of around \$1,300 per week until at least 2027.

Wages in aged care have nominally risen faster than inflation over the past year as a result of the work value case and general increases to award wages by the FWC. But these percentage increases fall far short of what is necessary to provide a decent standard of living amid skyrocketing prices for housing, utilities and other essentials.

Moreover, the "work value case" that brought about these increases began in late 2020, meaning the decision amounts to a meagre average annual pay rise (including the "interim" increase) of between 2.8 percent and 4.75 percent. Over the past three years, the official inflation rate has averaged 5.1 percent.

The Health Services Union (HSU), Australian Nursing and Midwifery Federation (ANMF) and United Workers Union (UWU) have all used the protracted FWC proceedings as a safe diversion for aged care workers' anger over their worsening wages and conditions.

The timing of the case—during the COVID-19 pandemic, which has killed thousands of aged care residents, and subjected workers to repeated infection and illness, sharply exacerbating the dire conditions they confront—reflects its primary purpose, as a means of diverting workers from the need to wage an industrial and political struggle.

HSU national president Gerard Hayes and other union leaders have played a leading role in promoting the spread of the deadly virus, championing the abandonment of public health measures, including in aged care and hospitals. This profit-driven “let it rip” process, adopted by capitalist governments worldwide and chiefly carried out in Australia by Labor governments, has created a “forever pandemic,” in which the entire population, including the most vulnerable, is continually at risk of infection, illness and death.

The unions heavily pushed Labor’s so-called “commitment” to fund a “25 percent” aged care pay rise in the lead-up to the 2022 federal election, promoting illusions among workers that electing a Labor government would be a panacea for the sector. The ANMF called the election “a referendum on aged care.”

This “commitment” is now starkly exposed as a fraud. But the union bureaucracies have responded to Labor’s call for yet another delay with silence or exceptionally muted criticism.

Hayes, who last month labelled the FWC decision, “one of the best outcomes the union has ever achieved,” warned that the delay would lead to a continued “haemorrhaging” of aged care workers from the sector. But the HSU has not even produced its own statement on the issue, instead uncritically re-posting an article from the *Australian Financial Review* (AFR), the leading media organ of Australian finance capital.

Speaking to the AFR, UWW Aged Care director Carolyn Smith backed up Labor’s contention that last year’s aged care pay rise was already leading workers to leave other underpaid sectors, saying, “that has been happening, there’s no doubt. But the obvious answer to all these things is not slow it down but pay everyone what they’re worth.”

The “obvious” solution proposed by Smith and the UWW is to use similar legal mechanisms to lobby for pay increases in childcare and elsewhere. One reason the union has not even mentioned Labor’s call for a phase-in on its Facebook page or produced a media statement is that it would cut across the union’s promotion of a case before the FWC for a 25 percent pay rise for early childhood educators.

Like the aged care “work value case,” this behind-closed-doors industrial court manoeuvring is being used by the UWW bureaucracy to prevent an eruption of worker unrest in the highly exploited sector. This included the eleventh-hour cancellation of a planned nationwide strike last month.

The ANMF released a matter-of-fact statement that uncritically cites the federal government’s “concerns,” without ever using the word “Labor,” and gently suggests that the FWC might deny the government’s delay request. Like the UWW, the ANMF bureaucracy refuses to criticise Labor’s proposal, for fear that doing so would undermine workers’ confidence in another FWC “work value” proceeding, in this case for qualified nurses in aged care.

These union bureaucracies are not just friendly with Labor governments at state and federal level, but integral components of them. Both Hayes and Smith serve on Labor’s National Executive, the party’s “chief administrative authority.”

As the biggest union in the country, covering the largest cohort of public sector workers, the ANMF has played and continues to play the leading role in enforcing Labor’s agenda of slashing wages and social services. Around the country, the union has enforced the punitive wage-cap policies of state Labor governments, ramming through one real wage cut after another for public sector nurses and midwives.

The complicity of the unions in Labor’s latest move to deny aged care workers a long-awaited pay rise underscores the need for workers to build their own organisations.

Rank-and-file committees, democratically led by workers, not highly paid bureaucrats, must be established in every aged care facility. Such committees are the only means through which workers can fight for real increases to wages and improvements in conditions, as well as the safety, health and comfort of aged care residents.

Aged care workers should reject with contempt the suggestion that their wages must be held back to prevent a deepening staffing crisis in other sectors. Workers are not to blame for decades of cuts to vital public services.

In fact, the fight for decent pay and conditions in aged care must be linked to the struggles of workers who confront similar battles, in health, disability, childcare and more broadly, throughout Australia and around the world.

This will require not just an industrial struggle, but a political one, against Labor, the unions, and capitalism itself, which subordinates all interests of the working class, including decent jobs, as well as high-quality public aged care, hospitals and other vital amenities, to the profit demands of the corporate elite.

This raises the need for a new, socialist, perspective, and a fight to reverse the privatisation of the aged, disability and health care sectors. The aim must be to establish a workers’ government, as part of an international struggle for socialism, to place these critical social services, along with the banks and major corporations, under public ownership and workers’ control, to be run in the interests of the entire working class, not the wealthy few.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact