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Dr. Catherine de Fontenay
Commissioner
Productivity Commission

Online: <http://www.pc.gov.au/inquiries/current/aged-care-employment>

Monday, 9 May 2022

Re: Submission to Study on Indirect Employment in Aged Care

Dear Catherine,

The Business Council of Co-operatives and Mutuals (BCCM) valued the opportunity to meet with you and your fellow Commissioners, Paul Lindwall, and Martin Stokie, in an online discussion on 17 April 2022.

The BCCM welcomes this opportunity to make a submission to the study into Indirect Employment in Aged Care.

We understand that this study will look at the use of indirect employment in aged care – with a focus on independent contractors (including those in labour hire agencies) and workers engaged through digital platforms in residential and home-based aged care, and the implications for consumers, the aged care workforce and aged care providers.¹

BCCM's interest in contributing to this study is to provide information about how co-operative and mutual organisations in social care provide care including their practices in relation to employees and workforce. In doing so, this submission provides information about how co-operatives and mutuals structures impact on:

- quality of care
- consumer choice
- job creation and availability of workforce
- employment conditions for the workforce

¹ Australian Government Productivity Commission (March 2022) Indirect Employment in aged care. Issue Paper page 4.

- worker preferences
- flexible and innovative models of care
- accountability of aged care providers for care delivered on their behalf
- costs of providing care
- viability of aged care provider

Providing information from existing social care co-operatives and mutuals about how they have responded to workforce challenges including the impact of the COVID-19 pandemic is intended to show how the business structure in a co-op or mutual determines who benefits from the enterprise, how surpluses are reinvested and where the incentives are in the business model to consistently provide quality care and fair work and to facilitate people receiving care to have choice and control.

Co-operative or mutual models can bring the benefits of direct employment (consistent employment, investment in workforce development, employment conditions and pay) into markets considered 'thin' or unsustainable. Examples of these thin markets include rural and regional Australia, young people in nursing homes and culturally appropriate services for Indigenous communities.

Co-operatives are designed around the International Co-operative Values and Principles² that are based on self-determinism, equity, equality, democracy and solidarity, and they adhere to the ILO Declaration of Fundamental Principles and Rights at Work.³ The objectives of co-operatives in social care where the members are workers or consumers, or both, are high quality, consistent care delivered by well trained, and fairly paid care workers.

BCCM considers the Productivity Commission should address the issue of who benefits from the digital platforms in social care sectors such as aged care and the NDIS. Who is in control and owns these platforms and where are the incentives in the business model to consistently provide quality care and fair work and to facilitate people receiving care to have choice and control?

Social care sectors can benefit from digital innovation and technology including platforms. However, the question needs to be asked in whose interests this digital innovation is deployed? Understanding the motivation for forming a digital platform will inform if it is intended to work in the interests of care workers and people cared for, or if the beneficiaries are investors or other stakeholders with a different primary purpose.

² [International Co-operative Values and Principles](#)

³ [ILO Declaration on Fundamental Principles and Rights at Work](#)



Co-operatives and mutuals employ digital pathways and technology to maximise benefit to members. If a digital platform is member-owned, it is solely purposed to create, protect, and return benefit to its members – who can be workers, consumers, families, care organisations or any of above.

To address the systemic issues raised by the Royal Commission, Australia needs more sustainable, place-based options that tap into the existing communities of care, retaining and building a localised care workforce that is long term and supported. Place-based solutions may benefit from digital innovations such as platforms connecting people in a circle of care, provided the users of the platform are also the members.

The current discourse about platforms in social care focuses on binary thinking where there can be either direct employment or indirect employment platform models that deploy an extractive business model for independent, casualised gig workers. The BCCM believes, putting care workers and people cared for at the centre of the business's purpose, and its business model, will help the instrumental shift in power and control towards a rights-based system the Royal Commission recommends.

To foster interest in co-operative business models, early in 2021, BCCM launched a paper [Action to Empower: Why Australia needs more co-operative and mutual enterprises in health, community and social services](#). In the Foreword of this paper, referring to the Royal Commission into Institutional Responses to Child Sexual Abuse, Robert Fitzgerald, who was a Royal Commissioner to that Inquiry, and now, in the capacity of NSW Ageing and Disability Commissioner, referred to a disconnect between the stated principles and values of some service providers and their practices⁴.

It is imperative that the lessons learned from these inquiries are learned by all organisations that deliver services and support vulnerable people. It is critical that organisational leadership, governance, and cultural deficiencies are addressed. It is important that new models of doing social purpose work can emerge. Co-operative and mutual enterprises present a worthwhile alternative model because of the social license arrangements embedded in this unique business model. Designed around the international co-operative principles that reinforce open voluntary membership, member economic engagement, democratic governance, and investment in community, the BCCM is championing a new mutualism for Australians, combining economic enterprise, social purpose, and member accountability.

Robert Fitzgerald, NSW Ageing and Disability Commissioner.

⁴ BCCM (February 2021) Action to Empower: Why Australia needs more co-operative and mutual enterprises in health, community, and social services. Foreword Page 4.



Co-operative and Mutual Support Program

BCCM considers direct employment through a co-operative structure could be a third way to deliver social care especially in thin markets where traditional direct employment options are limited or have failed.

The recent Federal Budget included \$6.9 million over three years to establish a co-operative development program that will assist new co-operative and mutual enterprises in social care that provide sustainable workforce development and the delivery of dignified care to Australians with a focus on rural and regional areas and other thin markets highlighted by the Royal Commission. The program will explore using technology solutions to help network communities to co-design care solutions around their own place-based needs.

BCCM will draw on the evidence about what works overseas. For example, [Equal Care Co-operative](#) is a UK start-up, co-operatively owned platform operating in home care. It is an example of a multi-stakeholder co-operative (owned by those who care and those receiving care) operating in rural England that forms self-managed teams to promote the wellbeing of people receiving care, and decent wages and conditions for care givers.

Australian social care co-operative case studies

The following are three examples of how different social care co-operatives here have navigated the challenges of COVID-19 and their observations about platforms currently operating in aged care and the NDIS.



Kudos Services

[Kudos Services](#) (South Australia) is Australia's first employee-owned mutual to form from a government agency (following government attempting marketisation).

Kudos is a contracted NDIA Partner in Early Childhood Early Intervention. Kudos also provides allied health services to children seven years old and over in Adelaide. In response to unmet demand, Kudos is expanding its therapy business across Adelaide and to regional areas.

Kudos has started to provide services into thin markets such as the Whyalla region, where in response to workforce shortages in the NDIS, they provided fly-in therapy services from its allied health workforce. This enabled them to recruit a locally based worker who became a Kudos member creating new employment and expanding service delivery from casual and episodic to placed-based and consistent. This has been a gradual process, however, is an example of how Kudos was able to venture into a hard to service area because their employee members believed this was important to do and that the service quality would improve.

Kudos services specialist therapy services for children and young people with very high needs and challenging behaviours. The Kudos therapists knew that without their intervention there, children and young people – and their families would not be supported.

The Co-operative Life

[The Co-operative Life](#) (TCL) is a worker-owned co-operative operating in inner Sydney and the New England Region providing community-based home support services in the NDIS and home care packages in aged care.

The expansion of the Co-operative Life into the New England area was precipitated by workers contacting them requesting to join the co-operative so they could continue to deliver services as their employer had closed its services. The Co-operative Life has been recently contacted by workers in the Central West region of NSW to join the co-operative because aged care consumers and NDIS participants have contacted them to say there is insufficient diversity and choice of providers in that region.



BCCM contacted The Co-operative Life to gain a better understanding about how they navigated adverse impacts on their workforce due to COVID.

How did COVID impact your business and what strategies did you use to meet workforce shortages? Is there something unique about being a co-operative that enabled you to remain sustainable during COVID?

Answer: TCL continued support and training, we paid above SCHADS award hourly rate of \$42 for casual workers. This hourly rate is competitive with other providers, including digital platforms and remains sustainable for TCL.

During COVID, due to the complexity of support, we provided essential services that strictly adhered to a COVID response plan. Last year we awarded our staff by paying one hour for attending a PCR test between July and November 2021. TCL awarded our staff a gift card for anyone who had taken two Vaccine shots. TCL supported our staff who are in isolation by providing a Woolworths gift card. All staff continue COVID testing every 72 hours to prevent infection from spreading. The TCL Team structure is essential to doing this.

What are your administrative costs, noting that data from the Aged Care Financing Authority shows administrative costs of 35% for home care for some providers?

Answer: TCL (not a platform) is charging 10% administrative fee.

Is the use of agency workers and/or independent and platform contractors likely to increase in aged care in the future? If so, what do you consider to be the main drivers of this?

Answer: Workforce shortages will affect the usage of digital platforms by support workers because they are flexible, and some allow workers to nominate an hourly rate. Participants/consumers may use a platform to select and trial support workers. If they suit them, and want to continue, the client will ask them to do private invoicing.

Safety of the clients when there is only one worker who is not supervised is a disadvantage. Regular welfare checks are necessary to be in place by providers to ensure client's wellbeing.



We understand workers in the Central Western Orange region have approached TCL to join the co-operative. What is the motivation for these workers and what advantages do they see in becoming a member of a co-operative?

Answer: CW Orange workers are unhappy with the providers who are operating in the region because of underpayment, no support, and minimal training. There is no focus on person-centred care or consumer directed care. TCL was to meet in March with the Orange workers however this did not take place due to the COVID outbreak in the community, however, it is still in the pipeline and will be continued as occurred in New England.

Supporting Independent Living Co-operative

[Supporting Independent Living Co-operative](#) (SILC) is a successful example of a secondary co-operative (co-op of co-ops) operating in the NDIS providing supported independent living and support services for young adults with disability.

SILC was established in September 2016 as a hub to support families of NDIS Participants to form and operate small, family-governed Supported Independent Living (SIL) homes. By June 2010, SILC had ten funded SIL homes in Sydney which has now expanded to 12 homes.

A SILC member is a 'House Operator' running a family-governed home for adult family members with a disability. The families are the co-op members. The workers in each house are also invited to be members and be involved in decision-making and governance.

SILC founder and CEO, Steve Anthony participated in a recent [Social Care Community of Practice](#) run by BCCM to explain the model. Mr Anthony also provided answers to questions about SILC's experience navigating the adverse impacts on its workforce due to COVID.

How did COVID impact your business and what strategies did you use to meet workforce shortages? Is there something unique about being a co-operative that enabled you to remain sustainable during COVID?

Answer: COVID led to some staff shortages mainly because of strict health requirements with close contacts isolating. In some cases, parents covered the staff shortages. NDIA also provided supplementary funding, so SILC was not negatively impacted financially.



Is the use of agency workers and/or independent and platform contractors likely to increase in the future? If so, what do you consider to be the main drivers of this?

Answer: SILC avoids using agency workers. To date we have been able to employ enough workers but NDIA estimates there will be need for an additional 34,000 support workers over next two years and with unemployment below 4% and pay for aged care workers likely to increase faster than pay for disability workers, we may find it difficult to find workers for new homes.

Would platforms reduce administrative costs in sectors like aged care and disability services, noting that data from the Aged Care Financing Authority shows administrative costs of 35% for home care for some providers?

Answer: SILC's (not a platform) experience is that employee administration including employee documentation and payroll costs about \$100 per employee per fortnight. That's about 4%.

Concluding comments

BCCM wants to contribute to business model innovation in sectors like aged care and the NDIS to demonstrate the advantages of co-operative business models where through membership, members – who can be employees, consumers, organisations, and/or communities – are empowered to deliver quality care and, through good and fair work, where workers are supported and trained. The Aged Care Royal Commission is a wake-up call to better serve vulnerable Australians with quality services whilst also creating and supporting empowered workforce to meet those needs. Co-operatives can be part of the solution.

The BCCM welcomes any further queries in relation to this submission.

Yours sincerely,

Melina Morrison
Chief Executive Officer
BCCM



About BCCM

The Business Council of Co-operatives and Mutuals is the peak body for co-operatives and mutuals in Australia. The [members](#) of the BCCM represent the leading co-operative and mutual enterprises operating in sectors across the Australian economy including aged care, disability care, health, housing, financial services and Indigenous services. Eight in 10 Australians is a member of at least one co-operative or mutually owned organisation.

We unite these businesses with the common objective of increasing awareness of co-operatives and mutuals and the important contribution they make to the economy and community life. We are a powerful and informed voice in the business community working to remove the barriers to fair competition and improving the business environment for all co-operatives and mutuals.

Our national network of member-owned businesses fosters innovation and business relationships in the sector. Our members believe that co-operatives and mutuals help to build a more inclusive, prosperous, and sustainable Australia.

For more information visit www.bccm.coop

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