

The impact of unpaid care work on women's economic security in Australia

This White Paper outlines the costs to individual carers, and the financial benefits to the Commonwealth and State and Territory budgets from those who undertake unpaid care for their loved ones.

It covers all aspects of unremunerated personal care including care for children, aged or disabled family members or other people who require assistance to lead a dignified and reasonable life.

Carers Australia state that carers are people who provide unpaid care and support to family members and friends who have a disability, mental illness, chronic condition, terminal illness, an alcohol or other drug issue or who are frail and aged. (Carers Australia, About Carers, 2019)

According to the Australian Human Rights Commission, unpaid caring work is undertaken by two main groups in Australia:

- **parents** (who include biological, step, adoptive, or foster parents, and grandparents or guardians with caring responsibilities for a dependent child); and
- **carers** (who include people caring for a family member or friend with disability, chronic illness or frailty due to older age. Persons with disability include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.

Care will affect all of us in our lives, either as parents and carers and/or as people being cared for. (Australian Human Rights Commission, 2013)

It is important to emphasise that the focus in this paper relates to the economic and financial disadvantage of those providing the care and in no way attributes the shortcomings in financial and economic security for carers, to those receiving the care.

Unpaid care is a significant part of Australian society and the economy, with the bulk of caring work undertaken by women. As the United Nation notes, "the gender imbalances in the unpaid care work burden act as a systematic source of gender inequalities in a myriad of other economic and social outcomes." (UN Women, 2018)

The extent of unpaid care work within the economy, and given it attracts no superannuation contributions, is a critical factor undermining the economic and financial security for women. Not only does it reinforce the persistently wide gender pay gap, it also means that as women approach retirement age, they have little or no accumulated superannuation. These dynamics contribute to a high risk of a low standard of living, even poverty, for many older women.

The good news is that policy changes can be implemented that will ensure carers have financial recognition for their personal sacrifices. When implemented, the changes will also deliver a significant addition to the economy more broadly as recipients of the additional payments add to consumer spending.

Rather than to dig deeper into the already excellent research and analysis of the issues associated with unpaid care and the impact this has on women and their economic security, the main focus of this White Paper is to propose proactive policy solutions that can be implemented or phased in to correct what are obvious and material problems for many women because of their provision of unpaid care.

These policy recommendations acknowledge the value of unpaid care and when implemented, will be a critical step forward in improving the economic security of women.

Background

Like the economic Security4Women (eS4W) earlier White Paper *Defining the concept of Economic Security for all Women of Australia 2018* (Security4Women Inc., 2018), this White Paper focused upon the role of the Carer in the Care Economy, draws on a broad range of research, insights and ideas of others who have undertaken detailed and comprehensive work in this field over a considerable period of time.

That previous work and findings are drawn together and used as references to highlight the critical issues and problems in the carer economy. This work has also helped to formulate subsequent recommendations that will address the problems of economic security that result from having these issues and problem embedded in the wage, social welfare, pension and superannuation sectors. eS4W fully acknowledges the work undertaken to date and eS4W members are appreciative of the foundations that have been laid to allow for this timely White Paper to be written.

Rather than attempting to cover all issues impacting carers and their financial security, this paper has tended to focus on the broader issues that involve policy solutions as they relate to economic and financial security for women. It has chosen to focus on the overarching themes and with those themes and facts, highlights concerns that impact the economic security of women and recommends policy adjustments that would address those concerns.

Why it matters:

According to recently released data from the Australian Bureau of Statistics, in 2018 there were 2.65 million carers which is equal to 10.8 per cent of the population. Of this, 862,000 people were primary carers of which 72 per cent were female. Slightly more than 50 per cent of all carers lived in a household in the lowest two income quintiles, which was double the rate of non-carers. (Australian Bureau of Statistics, Disability, Ageing and Carers, Australia: Summary of Findings, 2018)

These overarching facts show how the nature of the carer economy impacts negatively on the economic security of women, given the vast majority of primary carers are women and carers have an overwhelming tendency to reside in low income households.

According to a report from Deloitte Access Economics, there were 1.9 billion hours of unpaid care work in 2015 which had a replacement value of more than \$60 billion per annum. It is worth noting that with population growth, the ageing population and other economic parameter changes (for example wages growth), in 2019 terms, the annual value of unpaid care work today is estimated by eS4W to be approximately \$70 billion. This is calculated on the basis of a cumulative 9 per cent increase in wages between 2015 and 2019 and an increase of 8 per cent in Australia's resident population. (Australian Bureau of Statistics, Wage Price Index, Australia, 2019)

These facts together highlight the key issues that care work is predominantly undertaken by women and that the financial payment for such work is remarkably low and, in many cases of unpaid carers, zero. This creates financial hardship for many women for whom their often-lifelong work is as a carer.

With little or no payment for their work providing care, there is a clear and obvious undermining of financial and economic security for women. It compounds the broader economic security measures including the pay differential between men and women which in turn feeds into woefully inadequate levels of superannuation for many women.

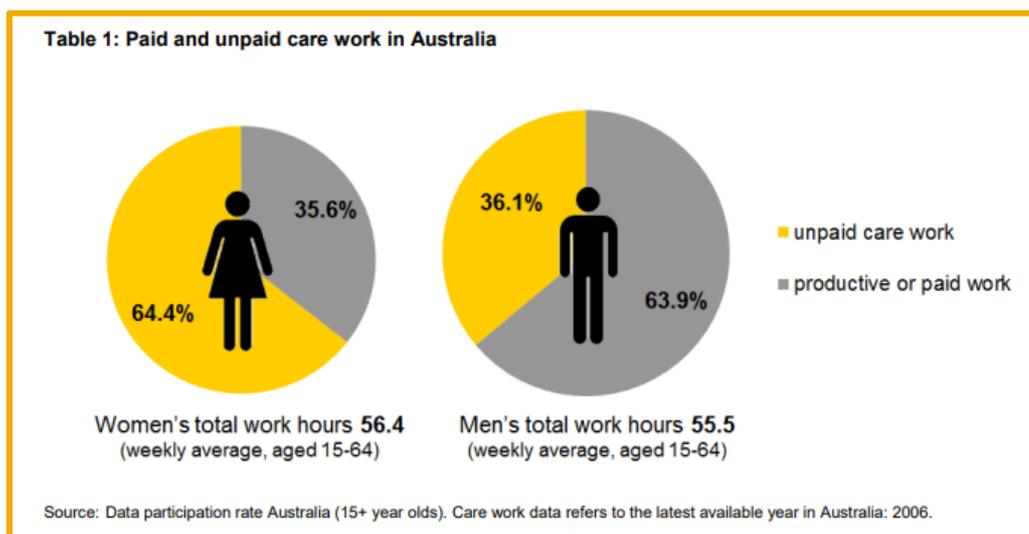
This is why it is imperative that the government provision of financial compensation for carers should rise and be expanded to reflect the financial contribution that carers make both directly and indirectly to society and the economy. In doing so, it would be a recognition of the savings to the Federal government from such work and the significant financial cost of care delivered at home.

To paraphrase part of the PWC report on the unpaid economy:

Why is it that a carer looking after a loved one produces no 'measured' economic value, but the same carer hiring others to do the caring or choosing a care facility for their loved one does? (PwC Australia - Understanding the unpaid economy, 2017)

According to research published by the Workplace Gender Equality Agency, the amount of unpaid work undertaken by women relative to men accounted for close to half (around 7 percentage points) of the gender pay differential. (Workplace Gender Equality Agency "We know the causes, 2019)

While women and men work a similar number of total hours each week, almost two-thirds of the hours worked by women are unpaid care work, which contrasts with just over one-third of hours worked for men.



This is another example of how seemingly extraneous factors can have a powerful influence on issues relating to the economic security of women.

Fundamental to the issue of reform for carer payments and other financial security matters, are the findings of Women's Health Victoria. They found that women's unpaid care work is linked to poorer health and wellbeing outcomes for carers and consistent with other findings, it limits women's participation in paid work.

Of great relevance for issues relating to the gender pay gap, unpaid care work also negatively impacts the undervaluing of paid work in care-related or 'feminised' industries, such as child-care and community services.

How unpaid care saves the Federal Government billions of dollars each year

The crux of the issue is what the cost to the government would be if those who receive care were placed in government subsidised care.

The alternative to receiving unpaid care work for those people needing care, is to go to public and where possible, private sector institutions. In these instances, the government will fund a significant proportion of the financial cost of providing that care. Infrastructure is also required, including equipment and furniture which are often specialised and expensive. The cost of these basic but essential facilities are additional to the cost of staffing, cleaning, meals and a myriad of other services and supports are needed to care for vulnerable Australians.

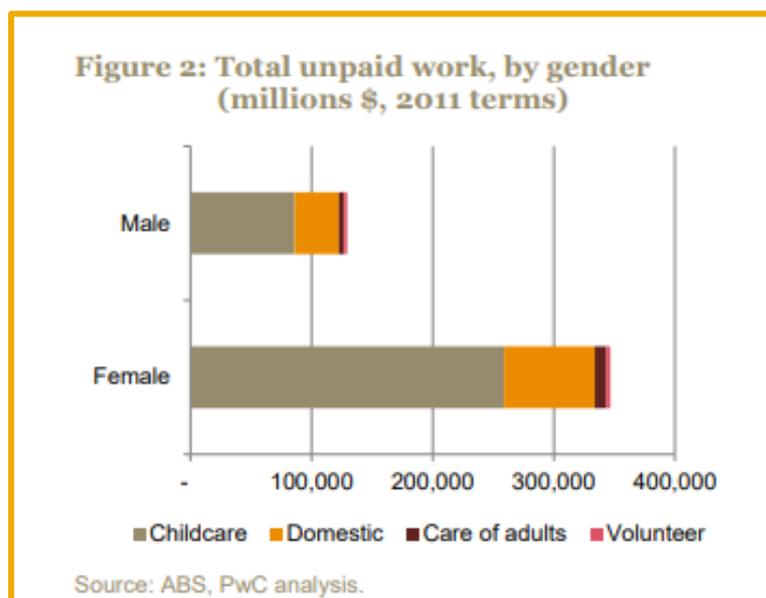
This type of care is already well established in Australia with a broad range of facilities designed specifically to care for children, the aged and those with disabilities. The cost to the government is significant and growing as the population ages and as the National Disability Insurance Scheme continues to be rolled out. This is vital for those who cannot receive care from family members, and care provision both in a formal sense, but also less formal family provided care, will be able to coexist.

As noted earlier, if all care currently undertaken by unpaid carers was provided by government and government funded carers, the additional cost to the budget would be approximately \$70 billion per annum.

Putting that amount of money into context, the government spends a little over \$30 billion a year on defense, just under \$10 billion a year on higher education and a \$20 billion on schools.

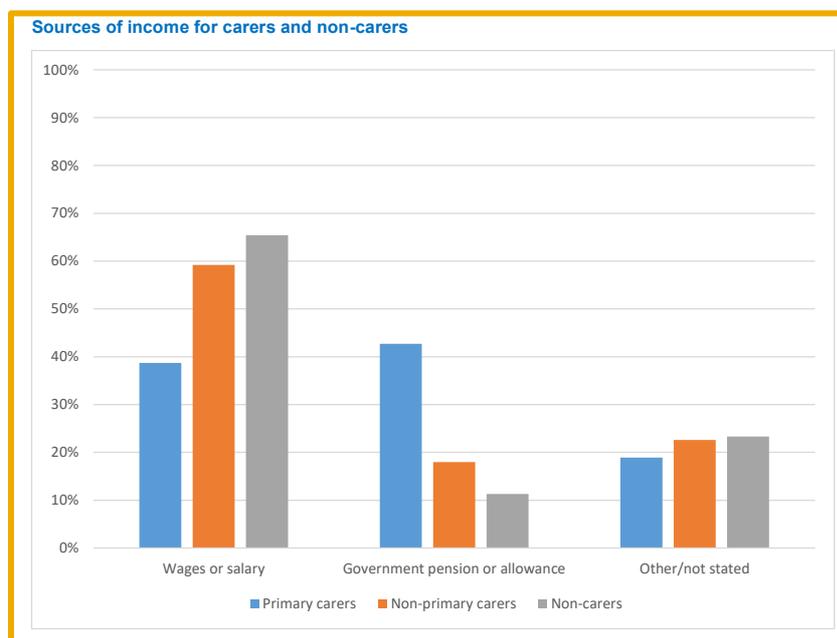
These big-ticket items in the Commonwealth budget, highlight just how massive the saving to the annual budget by and through unpaid care work actually is.

That unpaid care work impacts women more than men which is a critical factor adding to concerns of the precarious nature of the financial security of these Australian women.



Women and unpaid care

According to a recent report from the Diversity Council of Australia (DCA) and the Workplace Gender Equality Agency (WGEA) time that is not salaried or paid working, due to interruptions, including unpaid care, accounts for 39 per cent of the gender pay gap. (DCA & WGEA She's Price(d)less, 2019).



Source: (PwC Australia - Understanding the unpaid economy, 2017)

The significant majority of those who give care, even on a temporary basis, are women. According to the Diversity Council of Australia, women are more likely than men to take unpaid leave to fulfil care requirements, to take up part-time work and spend a far greater proportion of their time undertaking unpaid work than men (64.4 per cent of their average work day compared with 36.1 per cent of an average work day). (DCA & WGEA She's Price(d)less, 2019)

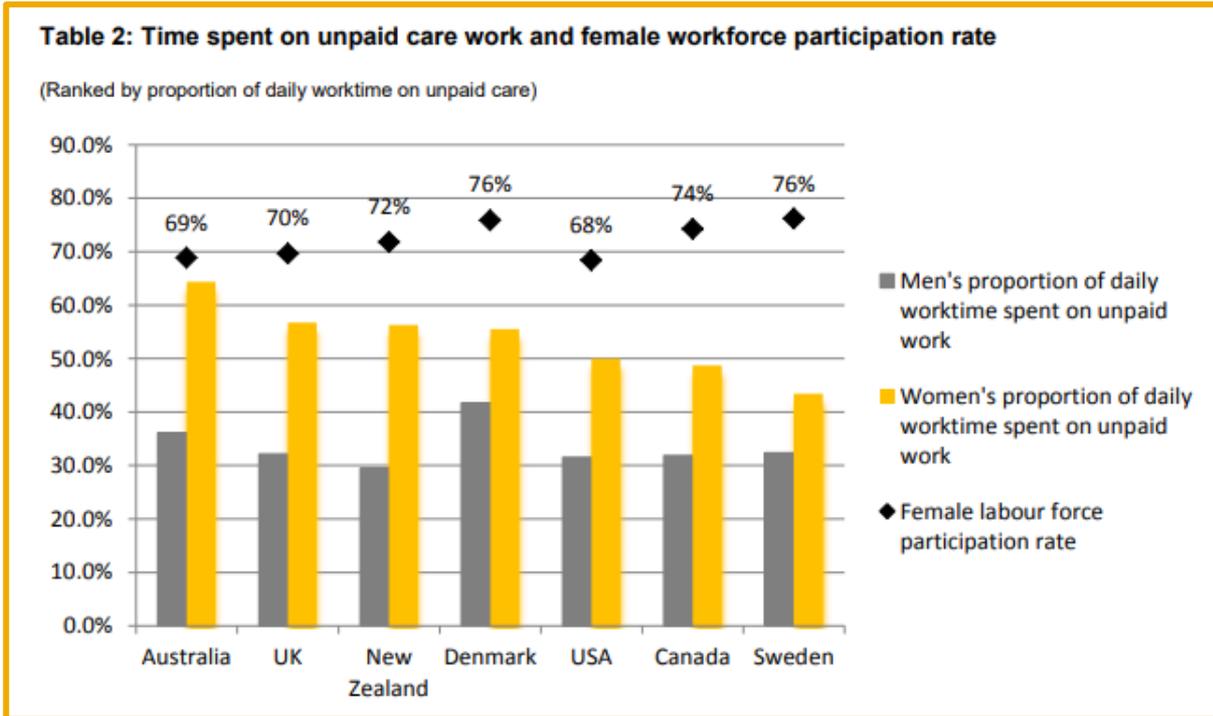
This is an additional factor that erodes the economic security of women. If there was greater balance in the gender role for unpaid caring, or if that care work was salaried, the undermining of the financial position of women would be at least partly addressed.

It would also allow and provide an opportunity for women to return to the paid workforce, which is well documented, will enhance their lifelong economic security.

The WGEA noted women regularly choose part-time employment or other forms of vulnerable employment below their skill level, to combine unpaid care and paid work. This indicates that part-time employment is a common practice for managing work and family responsibilities for women in Australia. WGEA also cited research which showed that working part-time reduced promotion opportunities. (WGEA Unpaid care work and the labour market , 2016)

The economic security of women is undermined because they are more likely than men to spend time in unpaid work. This is not just an issue in Australia but is evident in a range of other countries where there is a clear link between the proportion of a women's work time in unpaid work and workforce participation.

Higher rates of workforce participation are correlated with lower rates of unpaid work. (WGEA Unpaid care work and the labour market , 2016)



Source: (WGEA Unpaid care work and the labour market , 2016)

The issues is also acute for single parent families. According to data cited in a report by David Tennant and Kelly Bowley, (Treating Families Fairly, 2019), there are just under 1 million single parent families, with 81.8 per cent headed by a single mother. The poverty rate for single parent families is 32 per cent and this rises to 59 per cent when the parent is unemployed. As the report notes, such families struggle to survive on a meagre and uncertain benefit.

The carer aspect of these parents is often glossed over, at least in terms of financial assistance, which is a critical reason for the unacceptably high poverty rates. This cohort of society is at a significant financial disadvantage and is a significant factor undermining the economic security of women. eS4W recommend that financial support payments to single parents take account of their role as carers and access to a broader range of higher payments, and superannuation, be considered.

Government financial assistance for carers currently exists, but this is not enough

There currently are a significant number of carer financial assistance payments that are available to those providing care. These are predominantly delivered through the Department of Human Services and can vary based on the carer's other income and assets and how much care needs to be provided.

Carer assistance paid by the government totalled approximately \$8.5 billion in 2018-19 and this level of financial assistance has grown strongly in recent years. eS4W welcomes this and sees this assistance increase as an early measure to address the critical issue of care, but also to support our prime objective of enhancing the economic security for all Australian women. The main forms of assistance are income. However, some of these are means tested and paid at the pension rate; there is a carer allowance, which is designed to assist with the costs of providing care and not means tested; and there is a carer supplement which is a payment made to those receiving the carer allowance.

These areas of financial assistance are a welcome contribution to carers, but do not go to all carers and do not reflect the value of caring work provided.

The overwhelming evidence and feedback from stakeholders, including the groups representing carers, is that the payments are generally inadequate, are often complex with time consuming compliance issues and demands and from the perspective of financial security for women, do little to address issues associated with inadequate income and superannuation.

There are examples where financial assistance to carers only begins once a claim has been processed, rather than when the care starts. This imposes up-front financial pressure for carers. A simple solution would be to set payments from the date the care started.

If economic and financial security of women is to be enhanced through those providing unpaid care, payments from the government need to increase and become more readily available.

Other matters to help carers

The nature of caring means that the carer and the person they are supporting tend to have somewhat limited mobility. When carers and the people they are looking after do leave the house, it is important that there are facilities that are accessible and complementary to the needs of all involved. These improve the wellbeing of all involved.

There remains a growing need for relevant infrastructure – buildings and the internal fit out – so that institutions can provide childcare, out of hours school care, residential homes for the elderly, the sick and people with disabilities, among others.

The provision of in-home care is also important to provide respite for carers. Such government sponsored respite could allow for paid work to be undertaken which would lead to financial and other benefits to the carer, as well as the person being cared for.

In addition to giving assistance to carers and the people they care for, such infrastructure and the provision of in-home care also benefits the macro economy with additional construction and employment in the relevant areas.

Access to the internet – computers and wi-fi - to allow carers to research reforms and rule changes as well as meeting compliance rules for financial assistance is an important part of any government assistance to carers.

Women's Health Victoria also note "creating more suitable transport, employment and residential accommodation options for people with disabilities would increase their economic security, social connections and safety and in turn reduce the need for women to provide unpaid support" (Women's Health Victoria, 2018)

Recommendations:

The recommendations outlined below are designed to meet several important criteria. They are specific policy ideas that governments can implement through legislation and they do not, for what are obvious reasons, focus on a range of entrenched cultural and social issues relating to carers, which are generally beyond the reach of policy initiatives.

In the view of eS4W and the stakeholders consulted, these recommendations are able to be implemented through legislative and rule changes and as such, are a choice for governments to implement.

Initially, there needs to be a wider and greater appreciation and recognition of the contribution to society and the economy from unpaid and inadequately paid care work. It is paramount this happens to demonstrate to the Parliament and the community more generally the significant financial value of care work in the Australian economy and to accept that some of the financial costs of reform reflect the current savings to the budget.

Unless specifically stated, the recommendations are valid across all aspects of care, be it for children, the aged and infirmed or those with disabilities or other needs. To some extent, the recommendations complement one another and there will be elects on overlap, which is likely to reinforce the potency of those suggestions.

Some of the recommendations are general in nature and would benefit from detailed input from stakeholders with specific expertise and as a result, we have not attempted to put a financial cost on the policy recommendations. We do, nonetheless, fully acknowledge that each of the reforms are certain to be expensive to the current budget framework. This does not mean the recommendations are in any way wrong or inappropriate, merely that they may need to be phased in, funded from other policy changes on spending or taxation, meaning the improvements may take some time to implement and achieve.

As the UN noted: “Financing of public investments in the care economy remains a persistent challenge because of the magnitude of resources required and the competing claims for public funds”. (UN Women, 2018)

When it comes to carers and the significant impacts of how the current nature of the ‘care economy’ adversely affects the economic security of women, it should be noted that, Australia has agreed to the Sustainable Development Goal (SDG) 5 which is to “achieve gender equality and empower all women and girls” with Target 5.4 being to “Recognise and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.”

Policy reforms are therefore critical to deliver these commitments.

Carer financial contributions:

The current availability and level of financial contributions to carers (outside of arranged childcare) need to be increased so that carers receive an income that allows them to avoid the traps of poverty for themselves and those that they care for.

Income support should be set according to the degree and intensiveness of the care provided. Those providing 24 hours a day, seven days a week type care, should be receive a greater payment than those requiring a lesser commitment or perhaps have access to respite.

There are clearly going to be different criteria and levels where payments can be provided and increased and in framing the nature of the payments according to the extent of care will require additional input from stakeholders in these areas.

Parental leave:

Access to affordable and flexible childcare remains a dominant issue that has a strong influence on women leaving paid work to undertake unpaid childcare. In addition to the current childcare assistance, further childcare centres need to be established and higher subsidies are needed to lower the out of pocket expenses to parents.

“Accessible and affordable” care is the objective.

The Federal Government has made considerable progress over time in this area with paid parental leave (PPL) available for all parents. However, there is still policy reform required to provide for all working-aged parents no matter their employment status, including those who choose to become stay at home parents, who may also be caring for an elderly or infirmed family member or a child with a permanent disability or family member with a chronic life threatening illness.

PPL needs to further extend to ensure that every parent of a young child who wants to be able to engage in paid employment should be able to so without incurring a financial penalty either while in employment or looking for a job. Childcare subsidies or government provided care are two well recognised areas where outcomes can be delivered.

Simplicity:

As reform inevitably unfolds in all aspects of care support, it is important for the compliance accessibility criteria to be simple and streamlined. eS4W have noted a significant number of carers referring to an administrative burden for both the carer and the government in the application of any current and future reforms to carer support.

The cost to the carer in terms of time filling in forms and the ease of access to computers when notifying the relevant authorities of even small changes in circumstances, is frequently time onerous and has a high administrative cost. We recommend that carer support administrators reduce the frequency and complexity of compliance to make it less stressful for carers to comply with the requirements of gaining assistance.

Skills assistance:

One issue that is evident, in researching the issues confronting medium to long term carers and their efforts to rejoin paid employment when their caring role has ended, is skills and experience. Very often, there is an erosion of skills and specific work-related experience during their time spent as a carer. One policy reform to help address this challenge which often results in the carer undertaking low paid, low skilled work when their caring contribution has ended, is for the government to provide assistance for individuals in the transition from carer to returning to paid employment. This can be through the provision of training during the time of caring (where time permits) and more directly, when care ends.

This training needs to easily accessible, produce recognised skills for potential employers and cover areas where the carer may already have a skill set.

Superannuation:

Contributions to the carer's superannuation fund should be made on a regular (annual) basis, depending on a means and superannuation balance test. At a minimum, the government payment should be \$5,000 per annum (indexed to the CPI), which is a level that would supplement retirement savings while the carer is away from paid employment. This would help to ensure that on retirement, there is a greater probability of a viable retirement nest egg.

This is not a new "idea" but one that has been suggested in various forms and many times over the years by:

- Productivity Commission Inquiry – valuing unpaid caring work
- Australian Human Rights Commission: Investing in care: Volume 1: Research Report 2013
- Many countries with social insurance-based public pension schemes have introduced the means of crediting a person's public pension scheme while they are out of the workforce providing care. Some of the countries which have caring credit systems effectively operating include France, Germany, Sweden, Canada, Finland and the UK.

At a time when superannuation contributions are seen as an important factor in reducing the call on the public pension over the longer term, a near term financial cost of the contribution to superannuation would have lifelong benefits of great financial security in retirement, including for carers.

This paper was prepared by

Stephen Koukoulas, Market Economics, for and in consultation with economic Security4Women.

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economic Security4Women

economic Security4Women (eS4W) is a national women's alliance, funded by the Australian Government through the Office for Women in the Commonwealth Department of Prime Minister and Cabinet. eS4W is one of five National Women's Alliances.

It is an alliance of women's organisations united in the belief that economic wellbeing and financial security are essential for women and will enable women of all ages to have an equal place in society.

A key function of eS4W's remit is to source the views, issues and concerns of Australian women on matters that affect their lifelong economic wellbeing and financial security.

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Resources:

In preparing this carers paper, it was apparent that some carers were unaware of certain payments, unsure as to their eligibility and not sure where to go to test their eligibility. It is likely that some carers are, as a result, missing out on financial and other assistance.

This section brings together some of the resources identified by Carers Australia.

Carers Australia note that these contact details are likely to change in April 2020 as a new system for carer support is rolled out by the Commonwealth Government.

The Carer Gateway at <https://www.carergateway.gov.au/>:

- Phone number for carers is 1800 422 737 for advice and assistance.
- Help & Advice is at <https://www.carergateway.gov.au/help-advice?cta>

In addition, carers can call the State and Territory Carers Associations. The number is 1800 242 636 and calls will be automatically directed to the right state or territory association.

The State and Territory Carer Association's websites are:

- <https://www.carersact.org.au/>
- <http://www.carersnsw.org.au/>
- <https://carersqld.com.au/>
- <https://www.carerswa.asn.au/>
- <https://www.carers-sa.asn.au/>
- <https://www.carersvictoria.org.au/>
- <https://www.carerstas.org/>
- <https://www.carersnt.asn.au/>

The new service model, to be released in April 2020, will provide:

- carer needs assessment and planning
- in-person and phone-based coaching, counselling and peer support
- targeted financial support packages with a focus on supporting participation in employment and education
- information and advice
- access to emergency crisis support
- assistance with navigating relevant, local services available to carers through federal, state and local government and non-government providers, including the National Disability Insurance Scheme, My Aged Care and palliative care.