

Short supply and increasing demand in the Care Economy: women are paying the price

In 2009-2010 the care economy¹ in Australia was worth an estimated \$762.5 billion.

While paid care was worth \$112.4 billion - 8.8 per cent of GDP - providing nearly 20 per cent of all paid employment, unpaid care was imputed at a staggering \$650.1 billion.

This is equivalent to

- 50.6 per cent of Gross Domestic Product (GDP) and
- 11.1 million FTE workers; and
- 1.2 times the total Australian full time employed work force!

Women contributed 60 per cent of these 21.4 billion hours of unpaid care work undertaken across Australia in this period.

In addition, in 2009-10, local, State/Territory and Commonwealth governments invested a total of \$135.9 billion in the care sector (excluding wages salaries and social security payments) equivalent to 10.6 per cent of GDP.

These figures come from 'Counting on Care Work in Australia', recently published by economicSecurity4Women (eS4W)². This is the first comprehensive quantification of the Australian care sector, paid and unpaid, using both replacement and opportunity cost methods.

The research highlights the primacy of women in the care economy and its significance to Australia.

About eS4W

economic Security4Women (eS4W) is one of six National Women's Alliances funded by the Australian Government through the Office for Women, Department of Housing, Families, Community Services and Indigenous Affairs.

eS4W is committed to strengthening economic wellbeing and financial security for all women. These are essential ingredients to achieving equity for all women and impact on all aspects of women's lives including their family, education, health, employment, retirement, housing and personal safety.

¹ For the purposes of this paper, the care sector is defined as "the total (paid and unpaid) labour required to meet the needs of:

- children to be cared for and educated,
- everybody's physical and mental health that requires attention, and
- the needs of individuals who require assistance with the activities of daily living because of illness, age or disability" (Albelda et al., 2009, p.4).

² Hoening, S.A., and Page. A.R.E., (2012). Counting on Care Work in Australia. Report prepared by AECgroup Limited for economic Security4Women, Australia available at www.security4women.org.au

Our concerns

Women are bearing the bulk of the care load – both paid and unpaid – and it is having a significant negative impact on their incomes and retirement savings. Unpaid care work restricts the capacity of carers to earn a living in general and to save for retirement in particular. Most paid care work is undervalued and underpaid and restricts the capacity of the worker to earn a decent living or save for retirement.

Unpaid care

When faced with a lack of alternative care arrangements, many women respond by reducing or leaving employment, detrimentally affecting their financial security (both short-term and long-term), their retirement outcomes and the nation's productivity.

But changes in the way we live are having an impact on women's ability to continue in this unpaid role.

The escalation in the cost of housing has increased the need for two-income households; leaving many women less time for unpaid care work. As women's participation in the formal workforce expands, who will provide the bulk of the estimated 20 billion hours of unpaid care a year that we now rely on?

As our population ages, the increase of people who could provide unpaid care will be less than the increase of people who will become aged and disabled. This in itself will result in an increase in the demand for expensive residential and paid community care.

Paid care

There is little financial incentive to participate in paid care. Already skills shortages have been identified in early childhood and nursing sectors. Employers are finding it difficult to recruit and retain aged care and community care workers.

The average paid care worker earns 96 cents for every dollar earned by the average Australian worker.

- While making up seventy-seven per cent of paid care employees, the average female paid care worker is earning only 84c for every dollar earned by the average male care sector worker.
- Average earnings remain lower for women than for men, even in female-dominated industries such as the care sector. This is due to the larger number of men in higher-level, managerial roles that tend to be higher paying.

The low value placed on care work is an incentive for paid carers to reskill and look for better paid work, leaving a gap in the supply of care. Using a market model, better pay and conditions for care workers should lead to an increase in supply and improved access to alternative care arrangements that will encourage more women – who are currently caring – into the workforce with a positive impact on productivity.

eS4W wants change

We know that countries with higher levels of government investment in the paid care sectors tend to have a more equitable split of unpaid care work and Australia is not one of those countries

As a nation, we need

- to recognise and count the contribution to productivity of carers and the efficiencies of retaining workers and
- to maintain the supply of care.

To do so eS4W makes the following suggestions.

1 Invest in paid care

Increase government investment in paid care: Improve the wages and conditions of paid care workers to overcome skills shortages; Improve participation of women and girls in education and training to ensure they have access to skilled and well paid work.

2 Support workforce participation of unpaid carers

- 2.1 Reform National Employment Standards to cover the needs of people who are unable to work full time due to caring responsibilities and who are employed in casual and contract positions.
- 2.2 Develop incentives to maintain employment of carers including strengthening their right to return to work and to request flexible working conditions that accommodate care work.
- 2.3 Ensure carers have access to education and retraining while they are caring on a full time basis. Explore recognition of existing skills. Allow recipients of Carer Payment to study and design carer services to support both study and work.
- 2.4 Direct public funding to childcare centres, to ensure age appropriate childcare is available to working parents.
- 2.5 Ensure formal care services – to carer and to person receiving care – are flexible, available and also based on an assessment of the carer’s needs.

3 Ensure carers have adequate retirement incomes

- 3.1 Reform National Employment Standards and Superannuation Contribution Guarantee Legislation to reflect the gendered nature of workforce and reduce the negative impact on retirement incomes of people who have taken leave, reduced their working hours, taken lower paid work, in order to accommodate care responsibilities, the majority of whom are women.
- 3.2 Explore Carer Credits in public and private pension schemes and employer paid superannuation contributions during Parental Leave.

Attachment: Summary of Key Findings from this Study

This table provides a high order overview of the key data findings from the study by AEC. Limitations of the research are summarised on page IV of the Report's Executive Summary.

Indicator	Care Economy Statistic
Paid Care	
Number of Australian workers (in FTE) employed by the care sector in 2009-10	1.8 million (providing nearly 20% of all paid employment in Australia)
Total value of wage and salaries earned in the paid care industry in 2009-10	\$112.4 billion (equating to 8.8% of GDP and \$5,034 per capita)
Earning of the average care sector worker compared to the average Australian worker	96 cents for every dollar
Earning of the average female care sector worker compared to the average male care sector worker	84 cents for every dollar ³
Unpaid Care	
Total number of hours on unpaid care work undertaken in 2009-10	21.4 billion
Equivalent number of FTE positions in 2009-10	11.1 million (1.2 times the total Australian FTE workforce)
Imputed value of the unpaid care sector in 2009-10	\$650.1 billion ⁴ (50.6% of GDP and \$29,120 per capita)
Contribution of women aged between 25 and 64 years to unpaid care provision	60%
Percentage of female carers who are primary carers	36%
Percentage of male carers who are primary carers	21%
Government Investment in the Care Sector	
Total investment in 2009-10 ⁵	\$135.9 billion (10.6% of GDP)
Federal Government Investment in 2009-10 per capita	\$3,540
Total Government Investment in 2009-10 per capita	\$6,084

Source: ABS (2008a, 2010a, 2010c, 2011c, 2010d, 2011a, 2011c, 2011d, 2011f)

³ This is influenced by the higher number of males in higher-level roles

⁴ Estimates of the imputed value of unpaid care work range between \$601 billion (replacement cost valuation method) and \$699 billion (opportunity cost valuation method). This is not a transacted value and examines the imputed value against GDP for comparison purposes only.

⁵ Excludes wages and salaries and social security payments