



The Treasury
Australia's Demographic Challenges

Submission by Carers Australia

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Introduction

Carers Australia welcomes the discussion paper *Australia's Demographic Challenges* released by Treasury in February 2004 and more importantly, the opportunity that this presents to further public discussion of the challenges facing Australia's ageing population.

The discussion paper identifies issues that relate to a need to support and achieve greater workforce participation in order to achieve a higher rate of growth in Australia's economy – thereby offsetting the key implications of Australia's ageing population for future required expenditure. Opportunities to effectively participate in the workforce, to accumulate assets and prepare for retirement and to realise one's own potential, require decisive and strategic action and investment by the Australian government, as well as by employers. The issues related to workforce participation are key ones for Australia's carers – many of whom face very real barriers in entering, remaining in or re-entering the workforce and their needs must be taken into account.

Carers Australia wishes to respond to these issues from the perspective of Australia's 2.5 million carers. With an ageing population, the contribution that carers already make towards Australia's economy will become even more critical in future. Strengthening the support available for carers to manage their caring responsibilities and participate in the paid workforce is essential.

Background - Carers Australia

Carers Australia (CA) is the national peak body representing the 2.5 million carers in Australia, including a conservative estimate of 450,000 primary carers. These carers, who are usually family members, provide unpaid care at home for children or adults who have a disability, mental illness, chronic condition or who are frail aged.

Carers Australia has eight member organisations – the Carers Associations in each state and territory.

CA represents the needs and interests of carers at the national level through:

- contributing to the Australian Government's policies and programs that impact on carers
- advocating for carers' needs and interests in the public arena
- networking and forming strategic partnerships with other organisations to achieve positive outcomes for carers
- promoting information sharing and coordinating and facilitating joint work between the state and territory Carers Associations and other organisations on matters of national significance.

We base our policies and evaluate others on the following six principles:

- caring is a personal, social and public responsibility shared by individuals, families, business, community organisations, public institutions and all levels of government
- carers are recognised and valued for their important contribution to the wellbeing of the Australian community and the people whom they support and for their unique expertise and skills in the caring role.
- carers are also recognised as individuals with their own needs within and beyond the caring situation.
- carers are entitled to the same rights, choices and opportunities as other Australians in order to enjoy optimum health, social and economic wellbeing and to participate in family, social and community life, employment and education.
- carers are included in decision making that relates to their care situation and impacts on their lives. Carers have a voice in legislation, policy and program development, service implementation and evaluation across all sectors.
- carers are able to access a wide range of information and resources, informal support and responsive, affordable services to complement caring. They are entitled to carer friendly policies and practices in other areas of their lives.

Key Points

- Family-friendly policies in relation to workplaces and work practices need to take into account the range of families and caring responsibilities, not just focus on child care and measures to support parents with young children. Employees with other family needs and demands also need support to better balance their work and family commitments.
- Carers Australia believes that most carers of workforce age prefer to balance paid work and caring so that they can be financially independent and enjoy the other benefits of working.
- Carers are at a particular disadvantage when it comes to entering or remaining in the paid workforce due to their caring commitments and are therefore at a distinct disadvantage in relation to maximising their income levels and preparing for their future retirement. Key issues include:
 - assistance and support to be competitive in the job market – to gain paid employment;
 - assistance and support to manage paid work and caring commitments – eg access to quality and affordable alternative care services, (in the same way that quality affordable child care has been a priority to assist parents with young children to manage their workforce and other participation);
 - capacity to contribute to retirement incomes and standard of living and
 - adequate current and future income support when they can't work.
- Young carers – carers aged 25 years and under (still studying or at the early end of the workforce age), need particular support and a whole-of-government approach in order to successfully prepare for and participate in paid work.

Carers and workforce participation

Australia's Demographic Challenges states that workforce participation makes people wealthier and leads to higher retirement incomes. It comments on the general beneficial health aspects of working and acknowledges that participation in the workforce is influenced by personal choice, incentives and barriers.

These are points that Carers Australia wishes to comment on as they strike at the heart of the matter for many carers, who because of their caring responsibilities, may find it difficult to be part of the paid workforce and are therefore disadvantaged in relation to:

- their own immediate income levels;
- their capacity to save and build a reasonable retirement income and standard of living; and
- enjoyment of the other benefits of paid employment – socialisation, knowledge and skill development, satisfaction and self esteem.

Many carers feel that they do not have a choice in their caring responsibilities – they do it because the care recipient needs care and they feel an obligation to provide the care, or there may be no-one else to do it, including a lack of suitable alternative residential care.

Whilst many carers are engaged in the paid workforce, it can be challenging trying to manage work and caring responsibilities. There are other carers who are not in the paid workforce, but rely on income support.

Whether carers are in paid work or not, collectively they contribute substantially to the Australian community and to the economy. The bulk of community care in Australia (an estimated 70 per cent) is provided by carers, not by formal government-funded services. Carers constitute an essential part of community care and directly support many people with a disability, mental illness, chronic condition or those who are frail and aged to remain at home rather than enter some form of residential care.

To put a price on the value of the unpaid care provided for adults alone, would be in the vicinity of \$19.3 billion¹ – a very significant saving to the Australian economy and a figure very close to that quoted in *Australia's Demographic Challenges* as being the amount that taxpayers will contribute this year to fund the age pension (almost \$19 billion). Without the extent of unpaid care that is currently provided, alternative care would have to be established and funded.

¹ Australia's Welfare 2003, Australian Institute of Health and Welfare

Facts on carers and employment

The 1998 Australian Bureau of Statistics survey of carers and people with a disability revealed that:

- 75 per cent of carers were of workforce age.
- Fifty-nine per cent of all carers combined their caring role with full or part-time work.
- The majority were employed full time (63 per cent), representing 13 per cent of all people employed full time.
- A further 7.3 per cent of all carers indicated they were looking for work.
- Among the 33 per cent of all carers who were not working, the most commonly perceived barrier to employment was **lack of alternative or suitable care arrangements**.

We know from the same survey that:

- the rate of full-time employment for primary carers² (48 per cent) is substantially less than for non-primary carers (66 per cent) and for those not in a caring role (72 per cent)
- a substantial number of primary carers (22 per cent) had reduced their working hours and (24 per cent) needed time off each week to perform their caring duties.
- almost half (49 per cent) of all primary carers of workforce age were then dependent on the government for income support (171,200 people), compared to 20 per cent who were not providing care.

What can be done to improve workforce participation?

Australia's Demographic Challenges identifies three main opportunities to improve participation –

- improvements in the capacity for work, through better health and education;
- better incentives at work and
- improved flexibility in the workplace.

These three opportunities as they apply to carers are addressed below.

² The Australian Bureau of Statistics' definition of a primary carer is a person of any age who provides the most informal assistance, in terms of help or supervision, to a person with one or more disabilities. The assistance has to be ongoing, or likely to be ongoing, for at least six months and be provided for one or more of the core activities of self care, mobility or communication.

Improvements in the capacity for work, through better health and education

For many carers, caring can be positive and rewarding. However, research has also demonstrated the adverse impacts that caring has on a carer's health and well-being. As a group, carers report poorer health and wellbeing³ and often feel exhausted, isolated and burdened by their responsibilities⁴. Carers need effective targeted measures to support their own health and meet their needs, including preventative health measures, access to quality affordable respite and alternative care for the care recipient.

Carers who have been out of the paid workforce for some time will need assistance to prepare to re-enter the workforce. This may be in the form of skills development or retraining, or in very practical assistance such as job searching and preparing job applications. Programs that aim to address the particular barriers that individuals face in obtaining paid work, such as the Transition to Work program are particularly valuable. However, anecdotal evidence is that there has been minimal take up of these programs by carers. There is a need to identify the reasons for this and to increase awareness among target groups for such programs, of the assistance available.

However, where the demands of working and caring are too much for individuals to manage, then the publicly funded social security system must provide an adequate level of support. This is discussed further in relation to Better Incentives at Work.

One of the aspects of current income support payments for carers, relevant to the opportunity to undertake further education and thereby increase the capacity for work is the 20 hour limit on work or study for recipients of Carer Payment. For carers reliant on the carer payment, the 20 hour limit places restrictions on the extent of participation in education and employment and impacts on the choice to not be dependent on government provided income support.

The 20 hour limit on work and study for recipients of Carer Payment is also an issue for young carers – those aged up to 25 years – and represents a strong disincentive from undertaking or continuing with training or work.

Young carers may face particular disadvantage and disruption in their school education, which has serious implications for their education standards and workforce opportunities. Research undertaken by Carers Australia in 2001⁵ (and cited in the 2004-05 Federal Budget measures to assist young carers), showed that:

³ Family Caregivers – Disability, Illness and Ageing, Schofield H, Bloch S, Herrman H, Murphy B, Nankervis J and Singh B, Allen and Unwin 1998

⁴ Warning – Caring is a Health Hazard, National Survey of Carer Health and Wellbeing, Carers Australia, 2000

⁵ Young Carers Research Project, Final Report, Carers Australia 2001

- only 4 per cent of young primary carers aged between 15-25 years are still at school, compared to 23 per cent for the general population in this age group and
- approximately 60 per cent are unemployed or not in the labour force, compared to 38 per cent for the general population in this age group.

The Young Carers measures announced in the 2004-05 Federal Budget will go some way to supporting young carers to manage their caring responsibilities and maximise their school education, but further action is required to support their workforce participation and career opportunities.

Better incentives at work

It is important that government policies do not discourage people from working. It is also important that government policies **actively support** workforce participation.

It needs to be acknowledged that there are many factors that influence the nature of workforce participation. For carers - particularly those who have been carers for extended periods of time, such as ageing parents caring for an adult child with a disability - the demands of caring may be the factor that influences the extent to which paid work is possible or realistic. This brings into sharp focus the need for adequate income support.

There are two carer-specific income support payments that carers may be eligible for – Carer Payment and Carer Allowance. Carer Payment is currently paid at the (single) rate of \$464.20 per fortnight. Carer Allowance is currently paid at the rate of \$90.10 per fortnight and is paid in acknowledgement of the extra costs of caring, such as additional medications, continence products, travel to medical appointments, electricity and equipment costs.

The rate of payment of Carer Allowance does not reflect the true costs of caring incurred by the carer or the household and Carers Australia continues to call for a substantial increase in the rate of payment for Carer Allowance. It should also be noted that those carers who receive one of these carer specific income support payments are not automatically eligible to receive the other.

Figures from the Department of Family and Community Services⁶ indicate that in June 2003, 75 937 people were in receipt of the Carer Payment and 296,254 people were receiving Carer Allowance.

⁶ Department of Family and Community Services Annual Report 2002-03.

The relatively small proportion of carers receiving Carer Payment means that those who do not qualify must either have paid work, another private source of household income or rely on a different type of social security payment.

People who are not in the paid workforce may not be lacking incentives, but may lack real opportunities and choices. Access to affordable alternative and quality care would provide increased opportunities for carers to pursue participation in paid employment, in the knowledge that the needs of the person being cared for are being met.

Improved flexibility in the workplace

Improved flexibility in the workplace must acknowledge that “family friendly” means more than the child-care focus it has largely had to date. With our ageing population, there will be increasing pressure on governments and employers to put in place policies and programs which acknowledge that many employees have caring responsibilities – such as caring for ageing parents, a partner or an adult child – and actively support individuals to manage these responsibilities.

Peak business bodies and numerous very large businesses in Australia have demonstrated an understanding of the business case for employers to recruit or retain mature age people as part of their workforce – particularly in the context of Australia’s ageing population and the expected reduced rate of growth in the number of people of workforce age in future. It is not clear that this is understood by small to medium employers. Nor is it clear that employers generally understand that the future increased competition for available employees will create a need to look to other groups of people who may not have featured strongly in the traditional labour force - people with a disability, single parents returning to work and carers.

For the majority of carers who are either in the paid workforce or who are looking for work⁷, the issue is being able to **manage paid work and their caring responsibilities**. Carers Australia encourages the Government and employers to support carers through providing alternative care support services and through supporting flexible work practices and policies that meet their needs.

A study⁸ recently undertaken in Britain indicated that carers and potential carers may be unwilling to give up paid work to take on caring responsibilities and would prefer to seek a balance between paid work and caring. For employers to retain quality employees and maintain the morale of employees

⁷ Survey of Disability, Ageing and Carers, Australian Bureau of Statistics 1998

⁸Mooney Ann and Statham June with Simon Antonia, *The pivot generation: Informal care and work after 50*, Joseph Rowntree Foundation, 2002, (www.jrf.org.uk)

with caring responsibilities, **employment options** such as flexi-time, staggered hours, time-off in lieu, compressed working hours, shift swapping, self rostering, annualised hours, job sharing, part time work, carers leave, and working from home are needed.

The benefits to employers in being seen as an employer of choice, successfully retaining valued staff, and reduced recruitment, replacement and retraining costs have been well documented. The benefits to employees and to those being cared for are also clear: carers have access to the benefits of paid work – material and otherwise; their quality of life is enhanced, their ability to plan and contribute to their own retirement income is enhanced and the quality care to the person being cared for is supported.

In addition to flexible work practices, carers need access to **quality and affordable alternative care** for the person needing care, such as care-at-home or in a day care facility. Access to such services that meet the needs of the carer and the person needing care are essential to enable carers to engage in paid work – just as access to affordable, quality child care has supported the workforce participation of parents with young children.

As already discussed, there is a need for change in the **social security system** to address the barriers or disincentives that currently exist for carers to undertake further training, study or paid work.

In addition, there is a need for stronger cross-portfolio policy development so that employment policy considerations do not occur in isolation to social security and community care policy. Ultimately, this will result in better outcomes and better value for public expenditure.

Combined, these actions would enable carers to continue to be economically productive, maintain their own wellbeing and provide savings in Government expenditure on residential care or full social security income payments. Such positive support would help many carers in marginal situations and is likely to be increasingly significant as our population ages.

Recommendations

Carers Australia makes the following recommendations to maximise the opportunities for carers to participate in the paid workforce and thereby actively contribute to their own financial and overall well-being:

- 1) That the Government work with peak business groups and employers to develop, promote and implement carer friendly employment policies that are mutually beneficial to the employee and employer and that recognise and meet the needs of the range of Australian families – moving away from the focus on families with young children.

- 2) That quality, affordable and accessible alternative care that meets the needs of carers and those needing care, be available to support carers to participate in the paid workforce or to undertake education or training. This includes availability of hours of care required to enable carers to participate in paid work.
- 3) That existing programs to support carers to enter or re-enter the workforce, (such as the Transition to Work program), are promoted more effectively to carers and adequately resourced to ensure availability matches demand.
- 4) That a whole of government approach be used for policy development on employment, income support and community care and that government work closely with Carers Australia in order to support better outcomes for carers.
- 5) That further work is undertaken to ensure the availability of preventative health care measures and access to quality and affordable health care for all individuals.
- 6) That the existing social security support system for carers be changed to provide a more adequate level of income for those carers who are not in the paid workforce and to support those who are seeking to manage paid work and caring responsibilities. Specifically:
 - a. An increase in the existing Carer Allowance to \$90.10 per week to better reflect the additional costs of caring.
 - b. Eligibility for the Carer Allowance be amended so that people receiving the Carer Payment automatically receive the Carer Allowance;
 - c. Remove the current 20 hour restriction on study and employment for Carer Payment.

Carers Australia believes that implementation of these recommendations would substantially support carers to manage their caring responsibilities and paid workforce participation and provide a more adequate level of income for those unable to engage in paid work.