

Discussion Paper

The role of carers and the impact on economic security for women

The role of carers in Australian society and the economy is substantial and continues to grow. Most of those who deliver intense and ongoing primary care are women, and much of the care provided is unpaid.

Unpaid care is an important factor which is holding back progress in the task of securing greater economic and financial security for women. Indeed, greater financial security will be difficult if not impossible to achieve, unless there are significant policy reforms that involve a financial recognition of this vital and valuable contribution to society and to the Australian economy.

Care covers many aspects of modern society and the workforce. In broad terms and for the purposes of this Paper and also the recommended policy reforms needed; it includes care for children, aged relatives or a disabled or incapacitated family member.

According to data from Carers Australia, in 2015 there were 2.7 million unpaid carers in Australia or around a fifth of the working age population. The data showed that the median weekly income of primary carers aged 15 to 64 years was 42% below that of non-carers and that over two-thirds of carers were women.

Herein lies the heart of the problem when it comes to economic security for women whose financial position is eroded by their caring roles.

In simple terms, it means there is a large cohort of the population who sacrifice paid work to be carers and the fact that the vast majority are women leaves them with a lower income, lower superannuation balances and undermines longer term financial security.

Current funding for carer support services, including measures that provide financial support, do little to improve economic security for carers. The current cost to the government of this funding is a small fraction of the savings to the budget and society.

As the July 2018 White Paper *Defining the Concept of Economic Security for all Women* found, the pay and superannuation gap between men and women was exacerbated by the nature of caring and the reduction in income and superannuation contributions to carers.

If women stayed in paid employment, for example, and as a result the person otherwise being cared for was institutionalised rather than being looked after at home, the women would clearly have a substantially higher income and would accordingly have a higher superannuation balance as contributions were made in line with their paid employment.

In this circumstance, where the person being cared for was placed in a government funded facility with carers employed by the government, there would be an expense incurred by the government.

If conversely, and using this illustration, the care was otherwise conducted largely in the family home by the caregiver, opting to reduce or even abandon paid employment and was not compensated to any meaningful extent by the government, which is generally the case now, the cost to government would be miniscule.

The nature of care is often intensive and the special nature of the care needed is very expensive. One only has to witness the government money allocated to the National Disability Insurance Scheme, to aged care and to child care to see the many tens of billions of dollars that the government must budget for each year to maintain a fair and decent society, where the most vulnerable have a reasonable safety net of care.

In the above example, when a carer looks after the family member at home and has little formal assistance from government funded bodies, especially where accommodation, food and cleaning is involved, there is a substantial cost saving to the government. The so-called 'replacement value' of caring work was estimated by Carers Australia to be over \$60 billion per annum in 2015.

Part of this vast pool of savings could be deployed to provide financial assistance via an income or superannuation payment to carers, which would help to enhance the financial security for carers who, as noted, are predominantly women.

Recommendations

Women's economic and financial security is being undermined by their role as carers with the benefit accruing to the government's budget bottom line. In light of the messages highlighted in this discussion paper:

We propose the government fund carer credits. This would see carers allocated credits in the form of superannuation payments, pension top ups or as an income. Credits could also be in the form of government services.

We cannot put a firm costing to the budget of such reforms without there being specific proposals on the amount of the superannuation, pension and income payments. Suffice to say, the cost to the budget of such reforms would likely be significant (likely several billions of dollars per annum).

The costing could be set against the overall savings to the government from the predominance of home care. Payments would also put a value on the work of carers and could actually lead to savings if there is a higher take-up of caring roles and less people going to expensive government care. There is evidence of this with the current aged-care schemes which aim to keep older Australians in their homes for as long as possible.

Sources: <https://www.carersaustralia.com.au/about-carers/statistics/>