

Examination of Leave for Informal Carers

Terms of reference

I, the Hon Josh Frydenberg MP, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission (the Commission) undertake an Inquiry to examine:

- The potential impact of amending the National Employment Standards (NES) in Part 2-2 of the *Fair Work Act 2009* (Cth) to provide for a minimum statutory entitlement to extended unpaid carer's leave for national system employees providing informal care to older people who are frail and living at home.
- The social and economic costs and benefits from any change to the NES, including the impact on residential aged care services, and broader net impact on the economy.

Background

The Royal Commission into Aged Care Quality and Safety (the Royal Commission) was established on 8 October 2018 and the *Final Report: Care, Dignity and Respect* was released on 1 March 2021.

The Australian aged care system provides subsidised care and support to older people. It is a large and complex system that includes a range of programs and policies. The aged care sector is facing an ageing population with increasing frailty, while Australians are living longer than ever before.

Informal carers

Informal carers are a critical element of the aged care system for older people. They reduce the need for formal care, supplement the care provided by aged care services, and maintain critical social and community connections.

The Royal Commission reports that there is no minimum statutory entitlement for an employee to take extended unpaid leave for the purpose of caring for an older family member or close friend. An entitlement of this nature could relieve some of the burden on formal carers, noting employers may provide more generous employment entitlements, such as leave to provide care for an elderly family member or friend.

The aged care sector is experiencing increased demands for formal aged care services as the Australian population ages. Access to a minimum entitlement to unpaid carer's leave could help reduce future demand for these types of services.

Scope of the Inquiry

The Commission will undertake an Inquiry to examine the economic and social impacts of providing a statutory leave entitlement to extended unpaid carers that provide informal care to older people who are frail and living at home, while offering employment protection on return to work.

In undertaking this Inquiry, the Commission should:

- explore the adequacy of current leave arrangements in providing informal support for older Australians
- consider the impact on the labour market and employers from potential changes to employment standards
- consider the economic and social costs and benefits from any change to the NES, including those that will impact older Australians, residential aged care services, and broader regulatory, economic and social impacts
- consider alternative ways to support informal carers to support older Australians; and
- consider the application of paid leave or long-term unpaid carer's leave for other types of care, such as caring for people with disability or having temporary or terminal illness.

The Commission should consider the recommendations made by the Royal Commission into Aged Care Quality and Safety *Final Report: Care, Dignity and Respect*, and arrangements used to support informal carers in other countries.

The Commission should support analysis with modelling using quantitative and qualitative data.

Process

The Commission should undertake broad consultation with employers, unions, carers, aged care consumers and aged care service providers. In addition, the Commission should conduct public hearings and invite public submissions.

The Commission will commence this Inquiry by April 2022 and provide a final report to the Australian Government within 12 months of the receipt of these terms of reference.



The Hon Josh Frydenberg MP
Treasurer