



Submission to

**Productivity Commission's research study on
the Economic Implications of an Ageing Australia**

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Introduction

Carers Australia is pleased to respond to the Productivity Commission's invitation for submissions for its research study on the Economic Implications of an Ageing Australia.

In providing this submission, Carers Australia has drawn on a submission made earlier this year, in response to The Treasury's discussion paper, 'Australia's Economic Challenges', which also identified issues relating to the implications of Australia's ageing population for workforce participation and economic growth. In addition, we wish to highlight recent research on the projected future demand and availability of care as Australia's population ages; emphasise the critical contribution of carers to Australia's community and economy and identify the areas where change is needed to better support the unpaid caring workforce. These issues are paramount in any consideration of Australia's ageing population if we are to meet the challenges and opportunities that this presents.

Background - Carers Australia

Carers Australia (CA) is the national peak body representing the 2.6 million carers in Australia¹ - people, usually family members, who 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.

Carers Australia 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 and
- promoting information sharing and coordinating and facilitating joint work between the state and territory Carers Associations and other organisations on matters of national significance.

¹ Australian Bureau of Statistics 2003 Survey of Disability, Ageing and Carers (SDAC): Summary of Findings, September 2004

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.

The likely impact of an ageing population on Australia's productivity and economic growth

Carers contribute substantially to the Australian community and to the economy. The majority of community care in Australia is provided not by formal government funded services, but by unpaid carers. It is estimated that carers provide about 70 per cent of community care which represents a saving of \$19.3 billion².

This level of care enables many people to remain at home, rather than enter an alternative residential or health care facility. Clearly if this level of care was not provided by unpaid carers, a very substantial funding investment by government would be required to meet the increased demand for alternative formal care.

Many carers feel that they do not have a choice in their caring responsibilities. The most commonly cited reasons for primary carers taking on caring responsibilities include that it is seen as a 'family responsibility', because they 'could provide better care' and 'emotional obligation'.³

² Australia's Welfare 2003, Australian Institute of Health and Welfare

³ ABS 2003 Survey of Disability, Ageing and Carers: Summary of Findings, September 2004

However, for many carers, being a carer means sacrifices – to their own health and well-being, to relationships and to social and economic participation. Carers often feel exhausted, isolated and burdened by their caring responsibilities.⁴

The labour force participation rate for primary carers also tells a compelling story. According to the 2003 ABS Survey of Ageing, Disability and Carers, primary carers have a labour force participation rate of 39%, compared to 68% for people who are not carers.

The same survey has identified that of the 2.6 million carers in Australia, one million or 39% are aged between 35 – 54 years. This is a substantial number and proportion of carers overall, and yet only represents a portion of carers who are of workforce age.

The potential implications of future demographic trends for labour supply

We know from the 1998 Australian Bureau of Statistics survey of carers and people with a disability that:

- 75 per cent of carers were of workforce age and 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 and 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**.

Carers need to have access to quality and affordable alternative care for the person they care for, in order to be able to engage in paid work, just as access to affordable, quality child care has supported the workforce participation of parents with young children. Such services need to be available for the hours required to allow workforce participation – this means hours of care that extend beyond regular working hours – again similar to the development of long day care services in child care, where the opening and closing times of the service allow parents sufficient time to settle their child into care, fulfil their work hours and then collect their child again at the end of their work day.

Similarly, just as access to family-friendly work practices is important to employees with young children, access to family friendly work practices is needed by employees who have caring responsibilities, or for carers who wish to enter the paid workforce.

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

One implication of our ageing population is the likely increase in the number of employees who will have responsibility for caring for an ageing parent. There will be an increasing demand for work practices that are flexible and support employees to manage both their paid work and their caring responsibilities. Government, business, peak bodies and employers need to show leadership in this area and prepare for this need.

Fiscal Implications for government services

In a recent national survey undertaken for Pfizer Australia⁵, one in two people reported that they expect to be a carer in future. The same survey also found that of those surveyed who are already carers, almost half were not in the paid workforce. Of those who were in the paid workforce, more than half reported the need to have taken time off work because of their caring responsibilities.

These results have substantial implications for future employment policy, for support for carers and access to services to support them to manage their caring responsibilities.

The findings also highlight the need for adequate income support for those carers whose caring responsibilities preclude them from participation in the paid workforce and for those who find it untenable to continue to manage paid work and their caring responsibilities.

There are two carer-specific income support or income supplement payments available for eligible carers - the Carer Payment - an income support payment paid at the rate of \$470.70 (single rate) per fortnight and Carer Allowance, an income supplement paid at the rate of \$90.10 per fortnight, in acknowledgement of the extra costs of caring, such as additional medications, continence products and travel to medical appointments.

The rate of payment for Carer Allowance does not reflect the true costs of caring and Carers Australia continues to call for this allowance to be doubled to \$90.10 per week, to ease the disadvantage experienced by carers.

For those who do receive Carer Payment, there is a 20 hour limit placed on work or education activities. This is a substantial barrier to engagement in paid work or education and training, and effectively means that carers in receipt of Carer Payment are not able to be away from their caring responsibilities for more than 20 hours per week. This places unrealistic expectations on carers, in terms of the extent to which they are expected to be available to fulfil their caring responsibilities – certainly in excess of what is considered full-time for those in paid work.

⁵ Pfizer Australia Health Report Issue 7 – Carers, July 2004, available at www.healthreport.com.au

Carers, whose caring work is unpaid, also do not have access to the other benefits of paid work, such as leave entitlements and superannuation. This impacts on the current quality of life for carers as well as their capacity to plan for their own future.

The 20 hour per week restriction on work and study has clear implications particularly for young carers, who may still be at school (attending school means at least 30 hours per week), or at the early stages of their careers or workforce participation.

Young carers tend to have a much lower participation rate at school - only 45% of young primary carers aged between 15 – 25 years are still at school, compared to 23% for the general population in this age group.

A similar picture is reflected in relation to workforce participation – with about 60% of young primary carers unemployed or not in the labour force compared to about 38% for the general population aged 15 – 25 years.⁶

The 20 hour restriction on work or training for Carer Payment needs to be removed.

The recent ABS Survey of Disability, Ageing and Carers showed that 37% of primary carers spent on average, 40 hours or more per week providing care and 18% spent 20 – 39 hours per week providing care. These carers are putting in substantial hours of work in their caring role, yet are not provided with a realistic level of income, have restrictions imposed on the amount of time per week they can be away from their caring duties to focus on education or paid work and even if they were to decide to engage in education or paid work, face a lack of alternative care services to enable them time away from their caring role.

While the two forms of carer-related payments do recognise to some extent, the role performed by carers, eligibility for these is not linked. Being eligible for Carer Payment does not mean automatic eligibility for Carer Allowance.

As already discussed, access to affordable alternative and quality care to enable carers to participate in paid work, will have implications for government expenditure. This needs to be made a priority, similar to the investment by government in affordable quality child care, which has made workforce participation easier for parents with young children.

In addition to alternative care services to support workforce participation by carers, will be the growing demand, due to our ageing population, for health, support and residential care services. The increased number of older people and the increase as a

⁶ Young Carers Research Project, Final Report, Carers Australia, 2001

proportion of the total population, needs to be planned for in public policy and expenditure.

In June this year, Carers Australia released a research report prepared by the National Centre for Social and Economic Modelling (NATSEM)⁷. This report looked at the current and likely future demand for care and availability of carers. The report projected that the number of older people likely to need care is expected to increase by 160% between 2001 and 2031, but the number of carers is likely to increase only by 57% - well short of the projected demand for care. Presented in a different way, this means that while there are about 57 carers to every 100 people needing care in 2001, this is likely to drop to about 35 carers for every 100 people needing care in 2031.

This research raises serious implications for the future demand for support and care services in Australia and while carers currently perform a vital part of community care, further attention is needed to ensure that carers and those in need of care receive the support required. This is going to require a national investment and cross-government commitment.

There is evidence that the existing levels of support services, let alone future service provision, are already insufficient to meet the needs of carers and to sustain people in their own homes. An example is access to respite care. In 2002 – 03, the average hours of respite care received by those using Home and Community Care (HACC) services was 94.1 hours per year, which equates to 1.8 hours of respite per week⁸.

In 2003 there were 3.35 million people aged 60 years or over in Australia – representing 17% of the population. This compares with 3 million people aged 60 years or over in 1998 (then 16% of the population). Of these, just over half reported a disability. 29% of those aged 60 -69 years reported a need for assistance to manage health conditions or cope with everyday activities, compared with 84% of those aged 85 years or over. Clearly there is a very substantial increase in the need for assistance in the older age groups of our population – where the percentage of people aged over 65 years is expected to double in forty years and the percentage of those aged 85 years is expected to triple.

Carers and those they care for need to have security in the knowledge that alternative care services, including residential care, will be available when required. The Australian Government responded to the Review of Pricing Arrangements in Residential Aged Care, by Professor Warren Hogan, with a range of measures in the 2004 – 05 Budget. Clearly with an ageing population there will continue to be

⁷ 'Who's Going to Care? Informal Care and an ageing population', Report prepared for Carers Australia by the National Centre for Social and Economic Modelling, University of Canberra 2004

⁸ Home and Community Care Program Minimum Data Set, 2002 – 03 Annual Bulletin

pressures in this sector and this will require close monitoring and timely responses to strengthen the availability of quality care for those who need it.

Carers face a myriad of barriers and disadvantages which prevent them from taking up opportunities that are available to their peers who do not have caring responsibilities. A co-ordinated, whole of government approach is required to provide choices and opportunities for carers. This would best be achieved by the development of an overarching national carer policy, which would recognise the role and contribution of carers and would provide the framework for the development of appropriate services and initiatives to meet the needs of carers and ensure that their critical contribution to Australia's economy and productivity is sustainable.

Recommendations:

Carers Australia recommends that:

- a) the Australian Government develops, in consultation with carers, a national policy to acknowledge the role and contribution of carers and that this be used to develop a co-ordinated, whole of government approach to supporting carers and ensuring the sustainability of the unpaid carer workforce;
- b) the Australian Government makes it a priority to establish accessible, affordable and quality alternative care services that provide extended hours of care, to enable carers to engage in paid employment;
- c) the Australian Government show leadership with business peak bodies and employers and develop, in consultation with Carers Australia and employees who have caring responsibilities, flexible work practices that support employees to manage their paid work and caring responsibilities;
- d) the need for adequate income support for carers unable to participate in paid work be made a priority and that specifically:
 - i) the Carer Allowance be doubled to \$90.10 per week and
 - ii) eligibility for Carer Payment be linked to eligibility for Carer Allowance; and that
 - iii) the 20 hour restriction on work or training for Carer Payment eligibility be removed
- e) funding for health and community support services, including Home and Community Care services, be increased to meet existing demand and monitored and increased in line with changing demand and
- f) funding for the residential aged care sector is monitored and increased to ensure current and future demand is met.