



# **A case for an extended unpaid carer leave entitlement?**

## **Inquiry report**



**The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.**

## **The Productivity Commission**

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website ([www.pc.gov.au](http://www.pc.gov.au)).

© Commonwealth of Australia 2023



With the exception of the Commonwealth Coat of Arms and content supplied by third parties, this copyright work is licensed under a Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, communicate and adapt the work, as long as you attribute the work to the Productivity Commission (but not in any way that suggests the Commission endorses you or your use) and abide by the other licence terms. The licence can be viewed at:

<https://creativecommons.org/licenses/by/4.0>.

The terms under which the Coat of Arms can be used are detailed at:  
[www.pmc.gov.au/government/commonwealth-coat-arms](http://www.pmc.gov.au/government/commonwealth-coat-arms).

Wherever a third party holds copyright in this material the copyright remains with that party. Their permission may be required to use the material, please contact them directly.

ISSN 1447-1337 (online)

ISSN 1447-1329 (print)

ISBN 978-1-74037-770-6 (online)

ISBN 978-1-74037-769-0 (print)

An appropriate reference for this publication is:

Productivity Commission 2023, *A case for an extended unpaid carer leave entitlement?*, Inquiry Report no. 101, Canberra

Publication enquiries:

Strategic Communications and Engagement | phone 03 9653 2244 | email  
[publications@pc.gov.au](mailto:publications@pc.gov.au)



Australian Government  
Productivity Commission

**Canberra Office**

4 National Circuit  
Barton ACT 2600

GPO Box 1428  
Canberra City ACT 2601  
Telephone 02 6240 3200

**Melbourne Office**

Telephone 03 9653 2100

[www.pc.gov.au](http://www.pc.gov.au)

31 May 2023

The Hon Dr Jim Chalmers MP  
Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Treasurer

In accordance with section 11 of the *Productivity Commission Act 1998*, we have pleasure in submitting to you **A case for an extended unpaid carer leave entitlement?**, the Commission's final report for the Carer Leave inquiry.

Yours sincerely,

Handwritten signature of Catherine de Fontenay in black ink.

Dr Catherine de Fontenay  
Commissioner

Handwritten signature of Mr Martin Stokie in black ink.

Mr Martin Stokie  
Commissioner

## 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 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
- consider the application of paid leave or long-term unpaid carer 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

[Received on 23 February 2022]



# Contents

|   |            |
|---|------------|
| <b>Transmittal letter</b>   | <b>iii</b> |
| <b>Terms of reference</b>   | <b>iv</b>  |
| <b>Acknowledgements</b>   | <b>xi</b>  |
| <b>Executive summary</b>  | <b>1</b>   |
| <b>Findings and recommendations</b>   | <b>7</b>   |
| <b>A case for an extended unpaid carer leave entitlement?</b>               | <b>13</b>  |
| <b>1. Background to this inquiry</b>  | <b>13</b>  |
| What we were asked to do  | 13         |
| <b>2. Informal care of older people</b>                                     | <b>14</b>  |
| What do we know about informal carers of older people?                      | 14         |
| The care and support provided by informal carers                            | 17         |
| Providing care affects many aspects of carers' lives                        | 19         |
| <b>3. Employment standards relevant to balancing work and care</b>          | <b>23</b>  |
| Use of workplace entitlements to balance work and care                      | 25         |
| Are leave entitlements for employees with caring responsibilities adequate? | 26         |
| Most carers want more flexible working arrangements                         | 29         |
| <b>4. Our approach to entitlement design and assessment</b>                 | <b>31</b>  |
| What objectives might an entitlement seek to achieve?                       | 33         |
| <b>5. Entitlement design choices</b>  | <b>38</b>  |
| Leave duration  | 38         |
| Notice periods  | 44         |
| Accessing the leave   | 45         |
| Establishing an entitlement   | 47         |
| <b>6. Assessing the potential effects of an entitlement</b>                 | <b>49</b>  |
| How many employees would use an entitlement?                                | 49         |
| Impacts on employees  | 52         |
| Impacts on care recipients  | 54         |
| Impacts on employers  | 54         |

|  |            |
|--|------------|
| Impacts on taxpayers   | 56         |
| The long-run costs are unlikely to be evenly shared across the economy       | 57         |
| Overall impact   | 59         |
| <b>7. An extended unpaid leave entitlement for other carers?</b>             | <b>60</b>  |
| <b>8. How else could carers of older people be supported?</b>                | <b>63</b>  |
| Wellbeing support  | 63         |
| Financial support  | 65         |
| Access to formal care  | 67         |
| Easier access to flexible work   | 71         |
| Supporting carers to take a break from paid work                             | 75         |
| Supporting carers' return to the workplace                                   | 81         |
| A whole-of-government approach to supporting carers                          | 82         |
| <b>Appendices</b>  |            |
| <b>A. Public consultation</b>  | <b>85</b>  |
| <b>B. Carer leave arrangements in other countries</b>                        | <b>89</b>  |
| B.1 How prevalent are carer leave entitlements?                              | 90         |
| B.2 Why are carer leave entitlements being adopted?                          | 96         |
| B.3 The uptake of carer leave entitlements                                   | 97         |
| B.4 How else are working carers supported?                                   | 99         |
| B.5 What carer leave entitlements are available?                             | 101        |
| <b>C. Workplace arrangements to support informal carers</b>                  | <b>107</b> |
| C.1 The history of carer leave entitlements in Australia                     | 108        |
| C.2 Evaluating changes to the right to request flexible working arrangements | 111        |
| <b>D. Effects of the entitlement on work and care</b>                        | <b>121</b> |
| D.1 How many people would use the entitlement?                               | 122        |
| D.2 The expected effects on paid work  | 134        |
| D.3 What about the effects on informal care?                                 | 139        |
| <b>E. Costs and benefits of an entitlement</b>                               | <b>141</b> |
| E.1 Costs and benefits to employees  | 142        |
| E.2 Costs and benefits to care recipients                                    | 146        |
| E.3 Costs and benefits to employers  | 147        |
| E.4 Fiscal effects (costs and benefits to taxpayers)                         | 152        |
| E.5 Total costs and benefits   | 164        |



---

|           |   |            |
|-----------|---|------------|
| <b>F.</b> | <b>Distributional impacts of an entitlement</b>                         | <b>167</b> |
| F.1       | An entitlement could have long run effects on sections of the workforce | 168        |
| F.2       | An unpaid leave entitlement could fill particular gaps                  | 172        |
| <b>G.</b> | <b>Other supports for informal carers</b>                               | <b>181</b> |
| G.1       | Informal carers have diverse experiences and needs                      | 182        |
| G.2       | Supporting carers' wellbeing  | 185        |
| G.3       | Making income support accessible to carers                              | 190        |
| G.4       | Improving the availability of quality formal care                       | 195        |
| G.5       | Improving access to respite care  | 205        |
|           | <b>References</b>   | <b>211</b> |



## Acknowledgements

The Productivity Commission is grateful to the carers, organisations and government agencies who provided information, data and personal insights to inform this inquiry. We are particularly grateful to the carers who shared their lived experience and provided us with valuable perspectives on the challenges of juggling paid work and care. We also appreciate the people and organisations who took the time to meet with us, attended our public hearings, and provided submissions and comments.

The Commission acknowledges and thanks the staff who worked on the inquiry, including Lawson Ashburner, Rachel Burgess, Shane Chisholm, Holly Creek, Imogen Curtis, Sarah Jarvis, Patrick Jomini, Anna Law, Ilias Mastoris, Rosalie McLachlan, Shaun McMahon, Jane Melanie, Annie Savvas, Phil Smith and George Steel. Our thanks are also extended to Yvette Goss and Athena Wicks who provided administrative and project support.

This report uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the Commission and should not be attributed to either DSS or the Melbourne Institute.



## Executive summary

Informal carers – spouses, children, extended family and friends – make an invaluable contribution to the care and wellbeing of older people and the community. And while caring can be a source of personal satisfaction, juggling paid work and care is challenging, especially for people providing high levels of care.

Caring for older people can affect carers' participation in the workforce as well as their health and wellbeing. Working carers, who are mostly women, can find their paid work and caring commitments so demanding that they quit their jobs or retire earlier than anticipated to concentrate on caring. With the population ageing and more women participating in the workforce, there will be more people combining work and care, making it increasingly important for informal carers to be able to reconcile their work and caring responsibilities.

This inquiry is about a recommendation made by the Royal Commission into Aged Care Quality and Safety for the Australian Government to assess the potential impacts of including an entitlement to extended unpaid leave for carers in the National Employment Standards. The Productivity Commission was subsequently asked to examine the economic and social costs and benefits of providing an extended unpaid leave entitlement to informal carers of older people in the National Employment Standards.

The two key tasks for this inquiry were to:

- design an entitlement to extended unpaid leave for carers of older people
- assess whether the entitlement should be included in the National Employment Standards.

Based on the available evidence on the costs and benefits of an entitlement to extended unpaid leave for carers of older people, the Commission did not find a strong case for amending the National Employment Standards. But because the evidence is thin, and measuring some of the impacts challenging (what value do you place on the additional care provided by family or potential changes in attitudes in the workplace about caring?), there is some uncertainty about the overall effects of an entitlement to extended unpaid leave for carers of older people.

### What might an extended unpaid carer leave entitlement look like?

The Royal Commission did not specify what it meant by an 'extended period of unpaid leave', but the design of an entitlement determines its impact. The Productivity Commission developed an entitlement based on evidence about the likely effects of different design features (trading off the benefits to employees and people receiving care against the costs to employers) and the need to avoid undesirable consequences. We considered leave entitlements in other countries and aligned the features of the entitlement with those used in the National Employment Standards for other types of leave where possible.

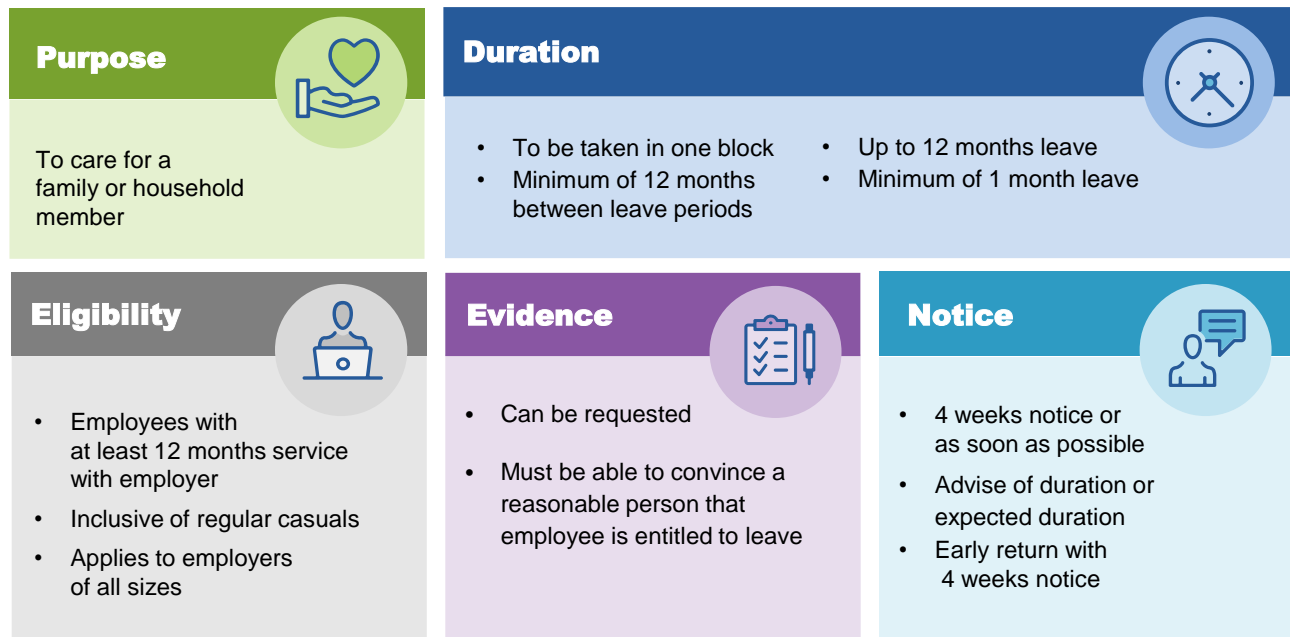
The model entitlement to extended unpaid leave to care for an older person would allow employees to take between 1–12 months of unpaid leave (with the employee specifying the expected duration at the outset). Up to 12 months of unpaid carer leave would provide carers with enough time away from work to manage a range of intense care circumstances (such as a new carer role or a sudden escalation in a carer role) without imposing excessive costs on employers or large wage, career and skill penalties on carers.

A minimum duration period of one month of unpaid leave would help contain costs for businesses – with short leave periods, businesses can face higher costs and have fewer options for covering absences – while allowing carers to take leave for shorter care needs (such as post-acute care) without being too costly for them.

The unpaid leave would be available to all employees who have worked for at least 12 months for their current employer (including regular casuals). This is consistent with a number of other workplace entitlements. Employees would be required to give four weeks' notice (or as soon as possible – shorter periods of notice may be required in emergency situations) of their intention to take leave.

The features of the model entitlement to unpaid carer leave are set out in figure 1.

**Figure 1 – A model entitlement to extended unpaid leave to care for an older person**



An entitlement to extended unpaid carer leave (like all entitlements in the National Employment Standards) would be a minimum statutory right for employees and mutually beneficial arrangements could be negotiated between employees and employers. This would include, for example, negotiating access to extended unpaid carer leave again in a shorter time frame than 12 months following its last use.

## An entitlement is expected to have limited uptake

Based on the best available data, the Productivity Commission estimates that between 7,000 and 17,000 employees would use an entitlement to 1–12 months of unpaid leave to care for an older person each year. This equates to between 3% and 7% of working age carers of older people (less than 0.1% of all Australian workers). These estimates are broadly aligned with the number of users of similar unpaid leave entitlements in other countries.

An entitlement to extended unpaid leave would not substantially increase either the number of informal carers or their workforce participation (both proposed objectives of an entitlement). There are three reasons for this.

- Many informal carers who are working do not want to take extended unpaid leave (unpaid carer leave comes at a very high personal cost, including to household income and career progression – as one carer said ‘who will pay the bills?’). Many carers of older people want more workplace flexibility, not an extended absence from the workplace.
- An entitlement to extended unpaid leave would not change the behaviour of many employees. We estimate that about half of the employees who would use an entitlement to 1–12 months of unpaid leave

would have left their jobs to provide care if they could not take extended leave. Only about 6,000 employees each year would be induced to provide additional care because of the entitlement.

- Most informal carers of older people are not in the workforce (many are retired spouses or siblings, or children who are themselves retired). Of the 428,000 informal carers of older people, just 161,000 (or less than 40%) are in the workforce.

## **But an entitlement would benefit carers and those being cared for**

Despite the relatively low number of people expected to use the entitlement, extended unpaid leave would benefit the older people who receive care from those taking leave. It could also improve the quality of their care – care provided by family and friends is often associated with continuity of care and trusting relationships between caregivers and recipients, which are important facets of quality.

An entitlement to extended unpaid carer leave would also benefit employees. Its key benefit for carers would be to give them the option of taking time away from paid work to resolve caring issues, including at key transition points (such as needing to find residential care or for end-of-life care) before returning to work. It would reduce the costs of searching for a job after an extended absence, and reduce the risk of under or unemployment and early withdrawal from the workforce. It could also help carers to maintain their connection to the workplace while caring full-time, and give all employees peace of mind that they could take time away from their job to care for an older loved one if required.

An entitlement to extended unpaid carer leave could also send a signal that taking time out of paid work to care is valued by the community and help change attitudes in the workplace about caring. A number of carers told the Commission that they had not spoken to their employer about their caring role, or requested changes to their working arrangements, because they feared negative career consequences.

By expanding access to extended unpaid leave to a wider group of employees, an entitlement would improve equity among carers of older people who need 1–12 months of unpaid leave to care (some employers offer extended unpaid leave to their employees while others do not). Arguing for an entitlement to extended unpaid leave, one carer said ‘give all carers choice’. However, an entitlement would not improve equity across caring situations (such as where employees require leave for episodic care or for more than 12 months). In addition, because caring responsibilities are shared unequally between women and men, an entitlement to extended unpaid carer leave is likely to reinforce gender inequality in paid work and care (although these effects are likely to be small given the small number of employees expected to take up the entitlement).

## **Employers are likely to pass on additional costs**

An extended unpaid carer leave entitlement would impose costs on employers. They could face disruption to their business, may need to recruit replacement workers, and face uncertainty about the capabilities and productivity of any new workers. Where a business has high turnover of relatively unskilled labour, these costs would be small. In more specialised businesses that rely on highly skilled staff, the limited evidence (mainly from unforeseen changes to parental leave)<sup>1</sup> suggests these costs could be material. While an entitlement to extended unpaid carer leave would partly benefit employers by helping them retain employees, the need for a statutory requirement suggests the costs for the average business outweigh the benefits.

In businesses where the costs of the entitlement were material, employers would incorporate the costs into their practices around recruitment and remuneration. This means that over time, employees are likely to pass

<sup>1</sup> The costs of extended unpaid carer leave are likely to be higher than the costs of parental leave because there is likely to be less notice given before leave is taken, and fewer leave-takers are expected to return to work.

these costs on to workers through reduced employment opportunities and lower long-run wage growth, effectively placing the costs of the entitlement on the very carers it is meant to help. They may also pass the costs on to their customers through price increases. In aggregate though, the impacts on employers and the downstream effects of those impacts are likely to be small given the small proportion of all employees expected to take extended unpaid carer leave.

## **Taxpayers would also bear some costs**

The effects of an entitlement to extended unpaid carer leave on taxpayers would be mixed. On the one hand, it could reduce taxpayer-subsidised formal aged care. On the other hand, it would lower tax receipts (as carers on unpaid leave would pay less income tax) and potentially increase welfare payments (as some carers on unpaid leave would be eligible for Carer Allowance and/or Carer Payment). Again, while in aggregate these impacts would be small, an entitlement to extended unpaid carer leave is expected to result in a net negative for the Budget. This is because lower tax receipts and higher welfare payments are unlikely to be offset by reduced spending on formal care for older people.

## **There are modest net benefits and better ways to support carers**

Adding an entitlement to 1–12 months extended unpaid carer leave to the National Employment Standards would help some informal carers of older people to balance the expectations and demands of paid work and care. However, the number of carers who would benefit would be small and the net benefits to the community are expected to be modest at best.

Importantly, most carers told us that while it would be handy to have, an entitlement to extended unpaid carer leave is not their highest priority. And it will be unsuitable or inaccessible for many carers. This is because of the impact on household income (unpaid leave is simply unaffordable for many carers) and the episodic nature of some caring roles. Anglicare Australia, for example, said a legislated return to work would be helpful, ‘but having enough money to live on while carrying out caring responsibilities is far more important’.

Flexible working arrangements, agreed between working carers and their employers, can be a better solution for both working carers and for employers.

- Flexible working arrangements allow people to continue working and keep more carers in the workforce for longer. They can take many forms, including changes to hours of work, locations of work (including working from home) and patterns of work (for example, split shifts or job sharing). These changes can make it easier for carers to earn an income and progress their career while also supporting and caring for their older family member or friend. Flexible working arrangements that allow carers to continue working can also have a positive impact on carers’ wellbeing (carers told us that work is a respite from caring and work helps them maintain social connections). Continuing to earn an income can also help carers with the additional costs of caring.
- Flexible working arrangements can help employers recruit and retain staff (and result in lower recruitment and training costs). And employees who have the option of working flexibly may be more committed and engaged, potentially resulting in higher productivity.

The Australian Government recently legislated to strengthen the right to request flexible work in the National Employment Standards. These changes will take effect in June 2023 and are expected to provide carers with greater workplace flexibility, but it will take time before we know their actual effect on carers and employers.

A review of these changes is scheduled to be completed in 2025. However, it will not be easy for this review to determine the effects of the right to appeal on workplace flexibility because the COVID-19 pandemic has driven large changes to workplace flexibility that are likely to mask any changes due to the right to appeal.



And for the few employees who have access to the right to appeal under their enterprise agreements, very few rejected requests are appealed to the Fair Work Commission. As such, this review will be of most value if it focuses on ways to improve the right to request flexible working arrangements and the right to appeal. It should consider improvements to administrative processes and changes to the 'reasonable business grounds' criterion for rejecting requests. To allow the review to consider improvements to the right to appeal, the Fair Work Commission should begin collecting data (surveying employees and employers involved in appeals and arbitration) as soon as practicable.

There are also other ways to improve support for informal carers.

- The National Employment Standards should be amended to remove the requirement that two days unpaid carer leave (per occasion) can only be taken when an employee's paid carer leave entitlement is exhausted. This change will give carers the flexibility to use unpaid leave in a way that best suits their needs and to take unpaid leave to deal with emergencies and other short-term caring responsibilities.
- Information about how to request flexible work should be proactively provided to working carers when they are seeking out information or interacting with service providers (such as through the Carer Gateway).
- The current and planned reforms to the aged care system, including expanded access to home care and respite care, should continue to be implemented. Access to high quality formal care is key to helping carers remain in paid work and to continue caring.

Some existing leave entitlements in the National Employment Standards are not working well for carers and they should be reviewed. This includes assessing whether amendments should be made (based on net benefits to the community) so that:

- people whose care relationships are broader than their immediate family or household (such as nieces, nephews or families of choice) can take leave to provide care, and potential care recipients can receive care from a loved one
- eligible occasions of care for carer leave, which are currently limited to employees providing care for an illness, injury or unexpected emergency, allow carers to undertake other caring activities, such as organising formal care
- the design of personal/carer leave (including the amount of leave and the aggregation of leave) does not prevent carers from being able to access sufficient leave to provide care and look after their own health and wellbeing.

Future reviews of income support payments, to be conducted by the Economic Inclusion Advisory Committee, as well as reviewing the rate and eligibility of carer income support payments, should consider whether the complexity of multiple payments is contributing to carers' economic disadvantage.

## **The case for an entitlement is similar for all carers**

The Commission was also asked to consider whether an entitlement to extended unpaid carer leave should be available to employees who provide other types of care, such as care for people with disability or illness, regardless of their age. There are about the same number of these carers as carers of older people.

The case to amend the National Employment Standards to include an entitlement to extended unpaid leave for these carers is similar to that for carers of older people. Just as for carers of older people, the needs of these carers in terms of length and frequency of leave vary, which makes a relatively defined entitlement to an 'extended' period of leave useful for some caring situations but not others. For example, a period of leave of up to 12 months would not fit with the needs of someone caring for a person with long-term disability, but it might help them to deal with a crisis that adds to the usual care needs. Similarly, care needs may be episodic rather than continuous over a defined period. However, for reasons of equity and administrative

simplicity, if the National Employment Standards were amended to include an entitlement to extended unpaid carer leave, it would be reasonable to make it available to all carers.

## **A whole-of-government approach to supporting carers is warranted**

The Australian Government should take a more holistic approach to supporting informal carers to engage in paid work. The National Carer Strategy, which is currently being developed, is an opportunity for a whole-of-government approach to supporting carers, including to give visibility to the range of supports for carers across government, and to confirm that the needs of carers are being considered in other areas of reform, such as aged care.

The National Carer Strategy should include a commitment to undertake an audit of existing policies to support carers to balance paid work and care. It should also have a process for undertaking policy evaluations and building an evidence base about what works and what is good value for money. The evidence base and gap analysis, together with the lived experiences of carers, should inform future policy direction. An independent review of the Strategy should also be undertaken every five years to assess whether the various supports it covers complement each other and are making a difference to the wellbeing of carers.

# Findings and recommendations

## Extended unpaid leave for carers of older people



### Finding 1

**An entitlement to extended unpaid leave for carers of older people should be designed to maximise the net benefits to the community**

The design of an entitlement to extended unpaid leave for carers of older people should be guided by the objective(s) of an entitlement, evidence about the costs and benefits and likely impact of different design features and the need to avoid (or at least reduce) potential undesirable consequences.



### Finding 2

**A model of extended unpaid carer leave, aligned to existing standards**

The design features of the Commission's 'model' entitlement of extended unpaid leave for carers of older people are:

- unpaid leave for 1–12 months (with the employee to specify the duration at the outset) with access to another period of leave 12 months after the last use
- a notice period of four weeks, or as soon as possible
- available to employees with at least 12 months of continuous service
- applied to businesses of all sizes and to regular casual workers
- evidence requirements in line with other National Employment Standards.



### Finding 3

#### Extended unpaid carer leave in the National Employment Standards would have few positive impacts, and pose some costs

Adding an entitlement to 1–12 months extended unpaid carer leave to the National Employment Standards is an option that could help support informal carers of older people to juggle expectations and demands of paid work and care. The number of carers who would benefit would be small and the net benefit to the community would be modest at best.

- Extended unpaid leave would not substantially increase the number of informal carers or the workforce participation of carers, or reduce the demand for formal care.
- The benefit to carers would be limited. Unpaid leave comes at a very high personal cost and most carers prefer flexible working arrangements.
- An entitlement would impose costs on employers and these could be passed onto employees in the form of lower wage growth and reduced employment opportunities.
- An entitlement to extended unpaid carer leave would improve equity among carers of older people who require 1–12 months leave to care, but it would not improve equity across caring situations (such as where employees require leave for episodic care or for more than 12 months).
- An entitlement to extended unpaid carer leave is likely to reinforce unequal sharing of caring responsibilities between women and men (although the effects would be small given the low number of carers expected to take up the entitlement).
- Upcoming changes to the flexible working arrangements provisions of the *Fair Work Act 2009* (Cth) are expected to make it easier for carers to negotiate flexible work, perhaps obviating the need for extended unpaid carer leave.

## Extended unpaid leave for other carers



### Finding 4

#### The case for an entitlement is similar for all carers

The case to amend the National Employment Standards to include an entitlement to extended unpaid leave for carers of people with disability or illness is similar to the case for an entitlement for carers of older people.

For reasons of equity and administrative simplicity, if the National Employment Standards were amended to include an entitlement to extended unpaid carer leave, it would be reasonable to make it available to all carers.

## Better support for a larger number of carers



### Finding 5

#### Informal carers need timely and high-quality supports

Formal care and respite care services for aged care recipients play a key role in supporting their carers. Continued progress with current and planned reforms to increase access to, and reduce waiting times for, these services is essential.



### Finding 6

#### Working carers need access to flexible working arrangements

Working flexibly is highly valued by carers and is a key factor in enabling them to manage their paid work and caring commitments. The changes to the flexible working arrangements provisions of the *Fair Work Act 2009* (Cth) (due to commence in June 2023) are expected to make it easier for carers to negotiate working arrangements with their employers that will help them balance their paid work and care commitments.



### Recommendation 1

#### Evaluate the right to appeal rejected requests for flexible working arrangements

The review of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) (to be completed by June 2025) should consider how the right to appeal rejected requests for flexible working arrangements to the Fair Work Commission (FWC) (to take effect from June 2023) could be improved.

To inform the review, the FWC should, as soon as practicable, start surveying employees who appeal rejected requests for flexible working arrangements, and their employers, about the process and seek their views on how it could be improved. For cases that proceed to arbitration, the FWC should also survey employees and employers about aspects of their case. The FWC should provide the survey responses (or de-identified versions of them) to the Department of Employment and Workplace Relations.



### Recommendation 2

#### Provide information about how to request flexible work to working carers

The Australian Government should ensure that carers of older people are provided with tailored information about flexible working arrangements and how to request them. This should include, at a minimum:

- developing fact sheets designed to help carers talk to their employer about flexible work. The fact sheets should take into account upcoming changes to flexible work provisions of the *Fair Work Act 2009* (Cth)
- routinely providing the fact sheets to carers at key points in time, such as when they contact the Carer Gateway.



### **Recommendation 3**

#### **Review definitions of care relationships in the National Employment Standards**

The definition of ‘carer’ in the National Employment Standards is used for both paid and unpaid carer leave, but it only guarantees carer leave to employees providing care for an immediate family or household member. This can mean that people whose care relationships are broader than their immediate family or household (such as nieces, nephews, people with Aboriginal or Torres Strait Islander kin relationships or families of choice) are unable to access leave to provide care, and potential care recipients receive less care.

To address this, the Australian Government should review the eligibility restrictions in the National Employment Standards which limit access to carer leave based on strictly defined relationships between the employee and the person they care for. The review should look at how to amend the eligibility restrictions so that they better reflect the diverse caring relationships of Australian families, friends and communities, and reduce the extent to which carers are excluded from accessing key workplace supports.



### **Recommendation 4**

#### **Review eligible occasions of care and the combining of paid carer leave and sick leave in the National Employment Standards**

The eligible occasions of care in the National Employment Standards limit carer leave to employees providing care for an illness, injury or unexpected emergency. This can mean that carer leave is not available to carers to provide assistance with everyday activities or to organise formal care.

Paid carer leave is combined with the carer’s sick leave entitlements in personal/carer’s leave in the National Employment Standards. This can mean carers have insufficient leave balances to be able to take leave when they are sick, making it more difficult for them to manage their own health and wellbeing.

The Australian Government should review both the eligible occasions of care and the design of personal/carer’s leave (looking at the quantum of leave and whether paid sick leave and carer leave should form part of the same entitlement) in the National Employment Standards, to see if amendments should be made (based on net benefits to the community).

**Recommendation 5****Remove the requirement that unpaid carer leave can only be accessed when paid carer leave is exhausted**

Under the National Employment Standards, all employees have access to an entitlement to unpaid carer leave (up to two days per occasion) but they can only access the unpaid leave when their paid carer leave (personal leave) is exhausted. This requirement reduces carers' options for taking short-term leave to care, including flexibility around how to use the unpaid carer leave entitlements to best support them and their care recipients.

The Australian Government should amend the National Employment Standards of the *Fair Work Act 1999* (Cth) to provide employees with the choice to take either paid carer leave or unpaid carer leave in circumstances where they are eligible to take both forms of leave.

**Recommendation 6****The National Carer Strategy: an opportunity for a whole-of-government approach to supporting carers**

The Australian Government National Carer Strategy should include:

- a whole-of-government approach to supporting carers to participate in the workforce
- action to ensure carers' needs are included alongside the needs of the care recipient
- a commitment to undertake an audit of existing policies to support carers to reconcile paid work and care and actions to resolve gaps
- a formalised process for undertaking policy evaluations and building the evidence base on effective carer supports, and for incorporating this evidence alongside carers' lived experiences in the development of future policy.

An independent review of the National Carer Strategy should be undertaken every five years.





# A case for an extended unpaid carer leave entitlement?

## 1. Background to this inquiry

The Royal Commission into Aged Care Quality and Safety (the Royal Commission) examined problems in the aged care system. Its final report set out a vision for the future of aged care in Australia and made recommendations to reform the sector. In making its recommendations, the Royal Commission said that ‘the future aged care program should ensure that people who provide informal care and support to older people should themselves be supported’ (RCACQS 2021d, p. 1).

This inquiry is about one of the recommendations (recommendation 43), which called for the Australian Government to look at the potential impact of amending the National Employment Standards (NES) under Part 2-2 of the *Fair Work Act 2009* (Cth) to provide for an additional entitlement to unpaid carer leave. The Royal Commission noted that with population ageing and increased female work participation, it will become more important for carers to have access to leave. And without job protected leave, employees could be reluctant to leave the workforce to care for a period of time.

### What we were asked to do

The Productivity Commission was asked to examine the economic and social costs and benefits of amending the NES to create an entitlement to extended unpaid leave for care of older people.

We were also asked to:

- explore the adequacy of current leave arrangements in providing informal support for older Australians
- consider alternative ways to support informal carers of older Australians
- consider the application of paid leave or long-term unpaid carer’s leave for other types of care, such as care of people with disability or temporary or terminal illness.

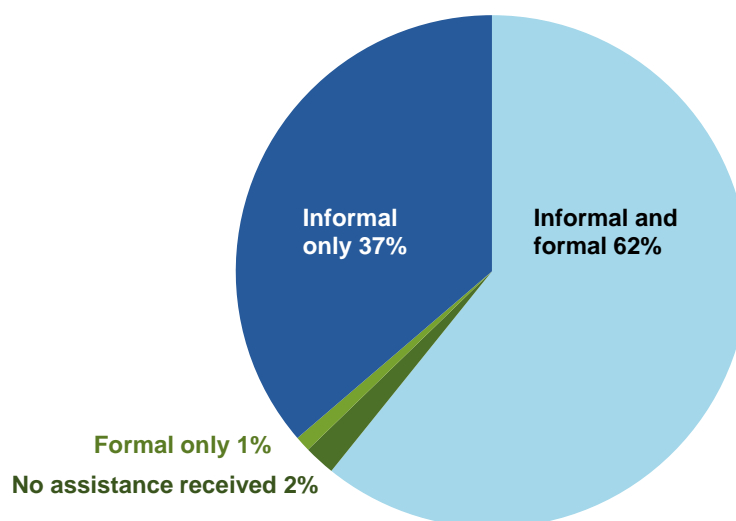
The full terms of reference are at the front of this report.

## 2. Informal care of older people

Informal carers make a significant contribution to the care and wellbeing of older people.<sup>1</sup> Family and friends are the main source of informal support for older people living at home. This aligns with older peoples' preferences – most want to remain at home and be cared for by someone they trust, who will help them maintain their dignity and independence, and who has time for them (Roy Morgan 2020, pp. 44–45; Sinclair, Kopanidis and de Silva 2017, p. 9).

Most older people do not need assistance with everyday activities (in 2018, 1.5 million older people, or about 38% of older people needed assistance). Of those who need assistance, about one in three older people receive assistance only from informal carers. And just over 60% of older people who need assistance receive formal aged care support and receive some level of informal care (figure 1).

**Figure 1 – Most older people who require assistance rely on informal care**



Source: ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0).

### What do we know about informal carers of older people?

There are about 430,000 primary carers and about 900,000 other carers of older people in Australia (box 1 for definitions).

Caring relationships and roles are diverse. Some caring responsibilities are predictable, others less so. The nature and intensity of caring responsibilities can also change over time. And the characteristics and circumstances of carers can vary, including, for example:

<sup>1</sup> For the purposes of this report, the term 'older people' refers to people aged 65 years and over. However, in the context of formal aged care services and the model entitlement, 'older people' refers to people aged 65 years and over (50 years and over for Aboriginal or Torres Strait Islander people), or prematurely aged people who are 50 years and over (45 years and over for Aboriginal and Torres Strait Islander people).

- the age at which they become a carer – some carers start caring when they are relatively young, others when they are middle-aged or approaching retirement
- the other roles and responsibilities they have, such as paid work or caring responsibilities for other family members or others in the community
- how much support they have available to them (and the person they care for) – for example, whether they have family and friends who can help with caring, the income and wealth of the carer and care recipient, and access to services.

While each caring relationship is unique, from a research and policy analysis perspective it is useful to look at some of the more common characteristics of carers.

Most primary carers of older people are women and most are aged between 45–64. Most are married (about 70%), and daughters and spouses are the main source of informal care for older people. Most primary carers of older people (about 60%) are not engaged in paid work and more than half of all working carers work part-time (figure 2). About one third are from culturally and linguistically diverse backgrounds (RCACQS 2021d, p. 201), and one in seven speak a language other than English at home (ABS 2019a).

The primary caring responsibilities of older people tend to fall on people who are less well-educated – people who have not completed year 12 are 40% more likely than the general population to be primary carers of older people, and people who have a bachelor or post-graduate degree are 20% less likely than the general population to be primary carers of older people (Productivity Commission estimates based on ABS 2019a).

### **Box 1 – Defining informal carers – who are they?**

Informal carers are people who provide unpaid care and support to family, friends and community members. The care provided extends beyond what would normally be expected within such relationships. Informal carers are not employed as carers (although they may receive income support that is conditional on providing care) and they are non-professionals (that is, they usually have not received qualifying training to care). In contrast, formal care is paid for and regulated by some type of contractual arrangement. Informal carers need not reside in the same household as the care recipient.







The *Carer Recognition Act 2010* (Cth) defines carers to be individuals who provide unpaid care and support to another individual who needs care because they experience disability, mental illness, chronic conditions, terminal illness, alcohol or other drug issues, or who are frail aged.

A recipient may receive informal care from more than one person. The Australian Bureau of Statistics classifies carers as ‘primary’ or ‘other’ carers.

- Primary carers are people aged 15 years and over who provide the most informal assistance to a person with disability for the core activities of mobility, self-care and communication.
- Other carers are people of any age who provide unpaid care for one or more of the core activity tasks but are not the primary carer, or are persons who only provide assistance with non-core activities.

Sources: ABS (2019b); DSS (2016).

**Figure 2 – Key facts about informal carers of older people**

| Informal carers of older people  | Most are female relatives   | Caring and employment   |
|--|---|---|
| <b>428,000</b> primary carers assist a person who is aged <b>65 years</b> and over                              | <b>70%</b> of primary carers are women<br><b>45%</b> of primary carers are caring for a parent<br><b>43%</b> of primary carers are caring for a partner  | About <b>235,000</b> primary carers are working age<br>About <b>161,000</b> are in the workforce                                 |
| Experience with work   | Impact of caring  | Intensity of care   |
| <b>53%</b> of employed carers work in part-time roles<br><b>47%</b> of employed carers work in full-time roles  | Carers experience poorer mental health and a wage gap as a result of caring    | <b>32%</b> care for 1-9 hours each week<br><b>46%</b> care for 10-59 hours each week<br><b>22%</b> care for 60+ hours each week  |

Source: ABS (Tablebuilder, Survey of Disability, Ageing and Carers, 2018, Cat. no. 4430.0).

There are several limitations to the available data on informal carers.

- People providing care do not always identify themselves as carers. This is in part because providing care and support can be viewed as something that is expected of family members. And often becoming an informal carer happens over time rather than being a decision at a particular point in time.<sup>2</sup>
- The latest Survey of Disability, Ageing and Carers (SDAC) – the main survey that collects data on informal carers – was undertaken in 2018 and data from the Household Income and Labour Dynamics in Australia (HILDA) survey is available up to 2021 (box 2).

## Box 2 – Data on informal carers

The Australian Bureau of Statistics (ABS) conducts the Survey of Disability, Ageing and Carers (SDAC) every three to four years. The SDAC provides the most comprehensive information on informal carers available in Australia.

The most recent SDAC was conducted in 2018 and early 2019. Data collection for the next SDAC is currently underway. The 2018 SDAC data was one of the main sources of data for the analysis undertaken in this inquiry.

It is possible to hypothesise about how care patterns may have changed since 2018. For example, the proportion of the population aged over 65 years has continued to increase, which is likely to have led to there being fewer potential informal carers for each older person. The widespread shift toward working from home prompted by the COVID-19 pandemic may have made it easier for people to combine work

<sup>2</sup> As Arafmi Ltd said, carers 'are highly likely to see themselves simply as 'helping out', 'taking mum to the doctor', or 'giving granddad a lift to...'. For many becoming a carer is an incremental process over time. For some the more important moment is when they realise they are a carer' (sub. 9, p. 9).

### Box 2 – Data on informal carers

and care, increasing the number of informal carers. The overall effect of these and other trends cannot be known in the absence of more up-to-date data.

The Household Income and Labour Dynamics in Australia (HILDA) survey also provides information on informal carers. The HILDA survey follows the lives of more than 17,000 Australians each year, and collects information about household and family relationships, income and employment, and health and education.

HILDA participants are asked whether they provide ongoing help with self-care, mobility or communication to a relative who is elderly or has disability. Information collected includes whether they live with the person they care for, their relationship with that person and whether they are the main carer. The information on caring is then combined with other information available in the HILDA survey to examine carers' personal characteristics and wellbeing. The Commission used HILDA data from 2005 to 2020 in its analyses.

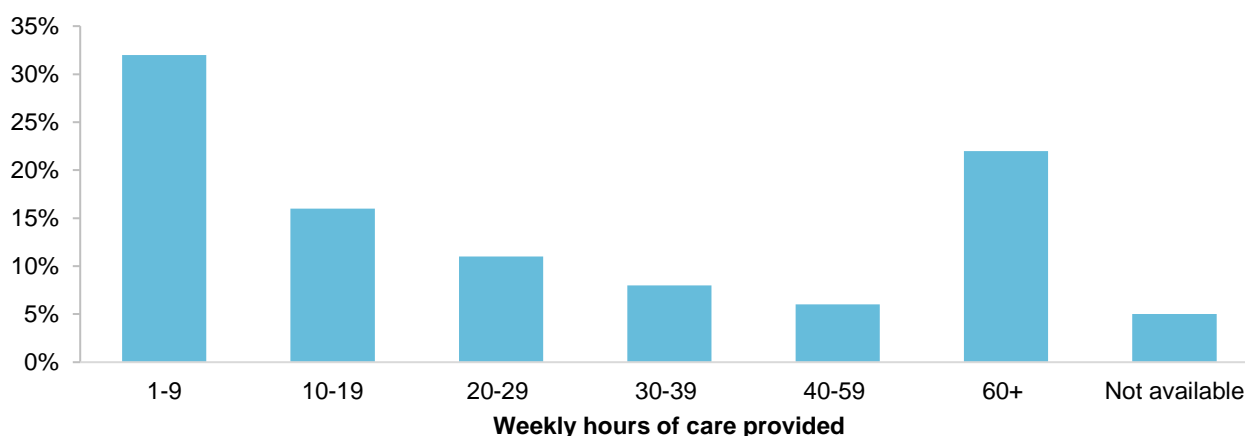
Sources: ABS (2019b, 2023); Wilkins et al. (2021).

## The care and support provided by informal carers

### How much care and what support do informal carers provide?

Carers differ in the amount of time they spend caring. About one third of primary carers of older people provide between one and nine hours of care each week, however, just over 20% provide more than 60 hours each week (ABS 2019a) (figure 3).

**Figure 3 – One third of carers of older people care for between 1 and 9 hours each week**



Source: ABS (Tablebuilder, *Survey of Disability, Ageing and Carers*, 2018, Cat. no. 4430.0).

The type of care provided by informal carers can include assistance with core activities, such as mobility, self-care and communication and help with household chores, property maintenance and transport. Informal carers also support the emotional needs of the people they care for and facilitate social bonds and connections between older people and the broader community. Carers Australia spoke about informal carers assisting with 'service system navigation', including helping older relatives and friends to complete paperwork, liaise with other family members about informal support and make arrangements for formal aged care services (sub. 36, p. 7).

Informal care can help older people remain in their homes for longer as they begin to experience age-related frailty. When an older person experiences mild frailty they may rely on informal care for supports such as meals, transportation and company. As people experience moderate frailty-related episodes (such as a fall), they might rely on a combination of formal and informal care. Older people with severe limitations requiring ongoing care are likely to rely more heavily on formal care services. The evidence indicates that the intrinsic value of informal care is greatest for people with moderate limitations due to frailty (Bergeot and Tenand 2021). The diverse and dynamic nature of caring situations means that carers have diverse care pathways where the intensity of care needed may ebb and flow with the older person's level of frailty or their ability to access formal care services.

However, informal carers often continue to provide support after people enter residential care. A survey conducted by Dementia Australia found that informal carers supported people living with dementia after they entered residential care by providing assistance finding allied and other health care providers, accompanying older people to appointments outside residential care and supporting aged care staff to provide personal care (Dementia Australia, sub. 12, p. 10). We also heard about carers identifying themselves as the extra pair of hands to prop up understaffing in residential care.

Informal care can help older people retain familiarity, social connections, and a sense of dignity. Families and communities can also continue to benefit from their lived experiences (older people are often the custodians of family traditions and history). The National Aboriginal Community Controlled Health Organisation (NACCHO) commented that more informal care:

... allows more older people to remain living in their homes and communities and for those in rural and remote areas ensures they do not have to move away from family and Country to access aged care services. (sub. 5, p. 5)

## Putting a value on informal care

Informal carers make a significant contribution to the community. While estimating the value of informal care is challenging, and there is no internationally accepted methodology, the replacement value of all informal care provided to people requiring assistance due to age or disability in Australia was recently estimated to be around \$78 billion each year (Deloitte Access Economics 2020) (box 3). This points to the importance of informal carers to the sustainability of the aged care system (RCACQS 2019, p. 3). Informal care can also contribute to improved end-of-life care, as care from family and friends (in conjunction with community-based palliative care) is an essential part of enabling people who would prefer to die at home to do so (PC 2017).

### **Box 3 – Putting a value on informal care**

#### **Replacement value**

In 2020, Deloitte Access Economics estimated the replacement value of the informal care provided to people requiring assistance due to age or disability in Australia. A replacement value is a measure of the cost of ‘buying’ an equivalent amount of care from the formal sector if the informal care was not supplied.

Deloitte Access Economics estimated that in 2020 primary informal carers provided an average of 35.2 hours of care each week and non-primary carers five hours each week. Based on 906,000 primary carers and 1.9 million non-primary carers, a total of 2.2 billion hours of care were estimated to be provided in 2020. Using an average hourly replacement cost of \$36.12, the total cost to replace all informal care in 2020 was estimated to be \$77.9 billion. However, in practice, formal care could not fully replace all informal care.

#### **Opportunity cost**

Deloitte Access Economics also used an opportunity cost method to measure the amount of paid work foregone because of caring. This found the age-standardised rate of employment among primary carers to be 47%, compared to the average Australian rate of 65%. The rate for non-primary carers was also found to be slightly lower than the average at 62%.

Deloitte Access Economics estimated that 160,900 primary carers and 53,000 non-primary carers were not in paid employment because of their caring role. This was equivalent to about 1.5% of the workforce in 2020. The estimated earnings foregone for all carers was \$15.2 billion in 2020 (equivalent to 0.8% of gross domestic product).

Source: Deloitte Access Economics (2020).

However, there is a growing ‘carer gap’ – by 2030 the demand for informal care is forecast to increase by 23% while the supply of informal care is set to increase by just 16% (Deloitte Access Economics 2020, p. 28). Factors driving this include:

- the ageing of the population
- changes to family structures, such as smaller family sizes and fewer people having children
- rising rates of female participation in the labour force (Deloitte Access Economics 2020, p. v).

## **Providing care affects many aspects of carers’ lives**

### **Carers’ health and wellbeing**

Caring can be a source of purpose and personal satisfaction (although many carers take on their role out of a sense of duty, box 4). Caring can lead to closer relationships and the assurance that loved ones are being well cared for, but it can also negatively affect the health and wellbeing of carers.

#### **Box 4 – An obligation to care: to what extent is caring a choice?**

The caring role can be a source of personal satisfaction and fulfillment. The Australian Nursing and Midwifery Federation, for example, said:

Providing care for a loved one or a friend can be incredibly rewarding and the value of caring for others cannot be understated. (sub. 39, p. 3)

But many carers feel they have had little choice in taking on their caring role. Carers spoke about the choice to care and support an older family member as being a constrained choice – a choice made out of necessity, a sense of responsibility or emotional attachment, or societal pressure. Lived Experience Australia Ltd, for example, said ‘caring is not a choice we make’ (sub. 44, p. 3). A carer from New South Wales also commented that:

In my case it meant leaving the workforce. It was a considered decision, but it has broken me. It wasn’t a ‘choice’: there was no-one else who would support the person ... (Quality Aged Care Action Group, Aged Care Reform Now and Carers’ Circle, sub. 21, p. 14)

Care decisions can be related to gender and the relationship with the person being cared for. Arafmi Ltd, noting that while the circumstances in which people become informal carers of older people vary, said ‘primarily, they become carers because someone they care about needs care’ (sub. 9, p. 7). The availability and suitability of formal care can also be a factor in whether a carer’s choice to care is constrained.

Carers report a sense of responsibility (70%) and emotional obligation (47%) as the two main reasons for taking on the role of primary carer. 35% of carers reported that ‘no other friends or family were available’ to provide care and 16% reported that they ‘had no other choice’ but to become a carer (ABS 2019a).

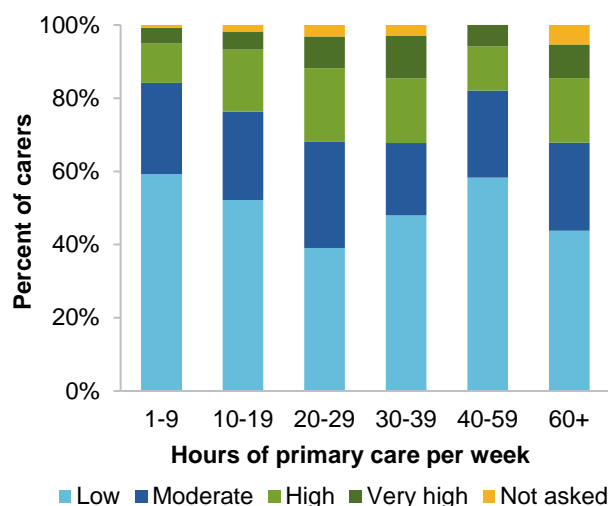
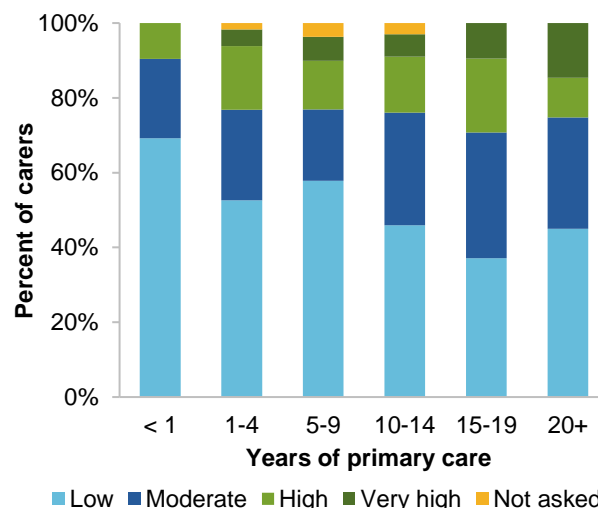
Choice in caring can affect carers’ wellbeing. A sense of control is connected to wellbeing and believing that a caring role has been entered into by choice can be a protective coping strategy that can help carers continue in their role without resentment. Al-Janabi et al. commented that:

It may be much better for a person’s health to see himself or herself as having taken on caring not due to societally imposed duty, but due to his or her internalised values about the importance of looking after close family members. (2018, p. 164)

Carers Australia (sub. 36) referred to evidence from the United States that shows that carers without a choice in caring experienced higher levels of stress. Nearly half of the carers who had no choice in providing care felt a high amount of emotional stress compared to just under a quarter of those who reported having a choice (NAC and AARP 2020, p. 53).

There is a large body of evidence showing an association between informal caregiving and poor physical and mental health of carers (for example, Bom et al. 2019; Ervin et al. 2022). There is some evidence that the more hours of care provided each week and the longer the duration of care, the higher the levels of carer distress (figure 4). And the greater the intensity and length of care, the greater the risk of burnout and social isolation (section 8, box 16).



**Figure 4 – Levels of carer distress by hours and duration of care****a) Levels of distress, by weekly hours****b) Levels of distress, by duration of care**

Source: ABS (Tablebuilder, *Survey of Disability, Ageing and Carers*, 2018, Cat. no. 4430.0).

Health problems caused by caring can limit labour market participation – people who develop a chronic health condition are five times more likely to give up work before the traditional retirement age (Welsh et al. 2018).

Caregiving not only affects informal carers' health and wellbeing but can also affect the quality of care provided and the sustainability of informal care (if carers become burnt out, ill, injured or otherwise unavailable to care) which can lead to increased costs in the aged care, health and welfare systems.

## Carers' working lives

For the 161,000 primary carers of older people in the workforce, combining paid work and caring can be challenging. Caring responsibilities can induce someone to leave a paid job or reduce the number of hours they work. In a survey of carers of older people:

- 22% reported that they had quit working, or were looking for work, to be able to care
- 22% reported retiring earlier than anticipated to be able to care
- 20% reported reducing their working hours (Carers Australia, sub. 36, p. 4).

Carers described their experiences in submissions.

I decided to work less than I used to. I used to work fulltime and looked for opportunities to grow and to enhance my employability skills. However, since becoming a main carer ... I chose to work as a part time employee until now. Chi, Carer Representative (Merri Health, sub. 18, p. 2)

Becoming a carer for my father was brought about by the unexpected death of my mother who had been his primary carer, and by a deterioration in his health a few months later ... I left my job, hastily, and painfully culled most of my possessions so I could rent out my house to make it financially feasible for me to relocate to my father's home and become his carer. Anonymous carer (Merri Health, sub. 18, pp. 2–3)

I had to take many days of carers leave to attend [medical] appointments with my husband. I retired 5 years earlier than planned to take on a carer role. (Dementia Australia, sub. 12, p. 7)

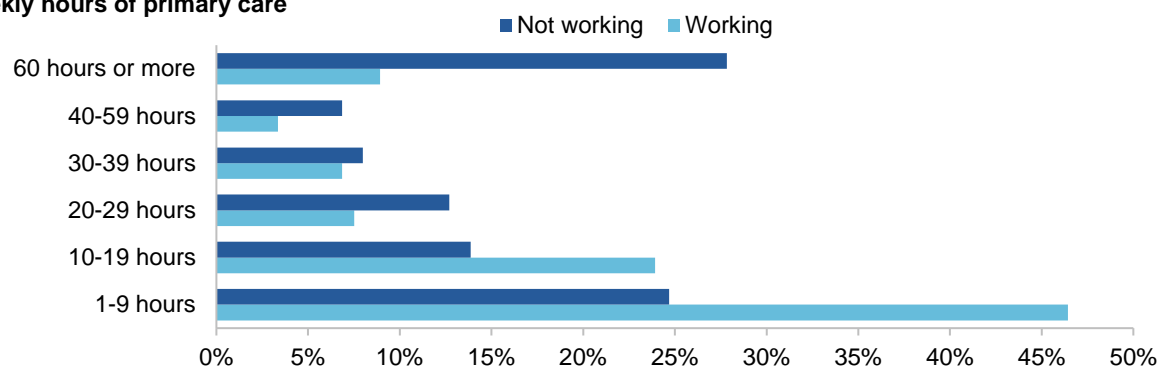
The impact of unpaid caring on workforce participation and the number of hours worked is most pronounced when carers are providing intensive, time-demanding care (more than 20 hours per week) (Colombo et al. 2011).

It has been found that having caring responsibilities is not, in itself, linked to work withdrawal, but rather it is having caring responsibilities that are stressful or interfering with work (creating 'role conflicts') that are associated with work withdrawal (Constantin et al. 2022). The Australian Research Council also found that care strain is related more to work withdrawal than care hours (Carers Australia, sub. 51, p. 8).

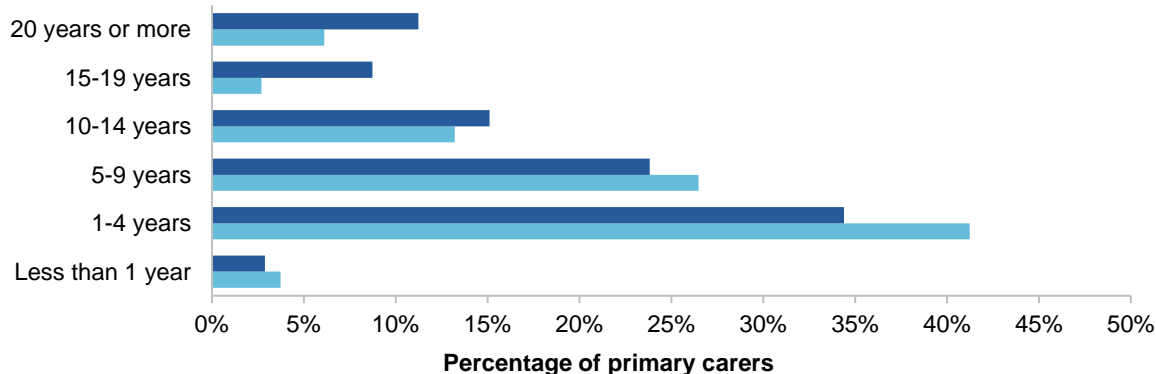
Working carers typically provide fewer hours of care per week than non-working carers (figure 5, panel a) and non-working carers are more likely to have been providing care for long periods of time (20% for 15 years or more) (figure 5, panel b).

**Figure 5 – The amount of care provided by working and non-working carers of older people**

**a) Weekly hours of primary care**



**b) Duration of primary care**



Source: ABS (Tablebuilder, Survey of Disability, Ageing and Carers, 2018, Cat. no. 4430.0).

Decisions about who within a household takes on a caring role are influenced by a range of factors, including the potential earnings, labour market opportunities and other characteristics of household members (such as health, age and relationship to the care recipient). There is some evidence that the people who elect to care are those who already have low levels of labour force participation (Leigh 2010). An OECD paper, noting that female carers were already more likely to not be participating in paid work before caring for an older person (in part because they were caring for children before caring for an older relative), said 'informal care to older people reinforces gender inequalities in labour force participation' (Rocard and Llana-Nozal 2022, p. 16).

Caring can also affect carers' incomes, with people who provide informal care having lower incomes than those who do not. In 2018, the median gross personal income per week was \$525 for primary carers and \$729 for other informal carers, compared to \$863 for people who provided no informal care (Furnival and Cullen 2022, p. 11).

### 3. Employment standards relevant to balancing work and care

At a minimum, all employees covered by the national workplace relations system have guaranteed and enforceable entitlements under the NES that can help them balance paid work and care (box 5). Many employers also provide carer leave entitlements over and above those in the NES.

#### Box 5 – National Employment Standards and balancing work and care

The National Employment Standards (NES) are a set of 11 minimum standards which must be provided to all employees covered by the *Fair Work Act 2009* (Cth) (however, some do not apply to casual employees, or they apply to casual employees differently). They provide a legislative safety net and cannot be undercut by awards, agreements or contracts. The NES cover work hours and arrangements, leave, public holidays, notice of termination and redundancy pay as well as information statements.

Of the 11 standards in the NES, nine are statutory entitlements, and two are a 'right to request', which means that the employee has a right to request a particular workplace arrangement, but that request can be denied on 'reasonable business grounds'.

A number of NES entitlements are relevant to balancing paid work and care.

- **Unpaid parental leave** allows employees to access 12 months of unpaid leave, with the ability to request an additional 12 months, to care for a newborn or newly adopted child. Employees who have worked for their employer for at least 12 months and regular casuals<sup>a</sup> are eligible for this entitlement. This leave can be taken 12 months after the last period of unpaid parental leave.
- **Carer leave** is provided for certain employees in two forms; paid and unpaid carer leave.
  - Paid carer leave is bundled with sick and personal leave and can be taken to care for an immediate family or household member who is sick or injured or during an unexpected emergency. Employees except casuals have access to 10 days of paid person leave each year (carer and sick leave) which accumulates when not used (pro-rata for part-time employees).
  - All employees have access to unpaid carer leave when their paid carer leave runs out, up to two days per occasion. Like paid leave, unpaid carer leave can be taken to care for an immediate family or household member in cases of illness, injury or an unexpected emergency. Leave can be taken in a single block of up to two days, or in another way agreed between the employer and employee (for example, four half days of leave).
  - Notice must be given of the intention to take leave and the expected duration as soon as possible and evidence must be given if it is requested.
- **Compassionate leave** allows employees to take two days of leave per occasion. Casual employees are entitled to unpaid compassionate leave and other employees are entitled to paid leave. Employees can take compassionate leave if:
  - a member of their immediate family or household dies, or contracts or develops a life-threatening illness or injury
  - a baby in their immediate family or household is stillborn

**Box 5 – National Employment Standards and balancing work and care**

- they have a miscarriage
- their current spouse or de facto partner has a miscarriage.
- **Flexible working arrangements** can be requested by employees who have worked for their employer for at least 12 months or are regular casuals<sup>a</sup>. Flexible working arrangements can include changes to hours, patterns or locations of work and can be requested by employees who are parents or have responsibility for a child, are carers, have disability, are 55 or older, are experiencing family or domestic violence or are providing care or support to a member of their household or immediate family due to family or domestic violence. Requests can be refused on ‘reasonable business grounds’. These provisions will be amended on 6 June 2023, to increase requirements on employers refusing requests for flexible work and to introduce a review mechanism where requests are refused (box 7).

Appendix C provides further information on the history and policy rationale of the entitlements to carer leave and the right to request flexible working arrangements.

a. A ‘regular casual’ is a casual employee who has been employed on a regular and systematic basis for at least 12 months and have a reasonable expectation of continuing work on a regular and systemic basis.




Sources: FWO (2023d, 2023g, 2023j, 2023f, 2023h, 2023c, 2023e).

Working carers who are not casual employees have access to paid leave though personal leave and annual leave. Personal leave can be taken to provide informal care at the employee’s discretion (subject to evidence requirements), while annual leave requires employer agreement (which cannot be unreasonably refused). Under the NES, full-time employees have access to 10 days of personal leave and 20 days of annual leave each year (pro-rata for part-time employees), and unused credits accumulate.

All employees also have access to unpaid carer leave of up to two days per occasion (it can be taken in a single block or in other ways agreed between the employer and employee). Unpaid carer leave can be taken to care for an immediate family or household member in cases of illness, injury or an unexpected emergency. Unpaid carer leave can only be accessed when an employee’s paid carer leave runs out.




Employees also have the right under the NES to request flexible working arrangements (box 5). Many different types of flexible working arrangements are available, including changes to hours of work, patterns of work and locations of work (figure 6). Working carers use these in a range of different ways, depending on the care needs of their loved ones (figure 7).

**Figure 6 – What can be included in flexible working arrangements?**

| Hours  | Patterns   | Locations   |
|--|--|---|
| Changes to hours of work, such as changing start and finish times, reducing hours of work or compressing the work week  | Changes to the patterns of work, such as split shifts or job sharing  | Changes to the locations of work, such as working from home or working remotely  |

Source: FWO (2023c).

**Figure 7 – Managing care responsibilities with flexible working arrangements**

| <b>Flexible work hours</b>    | <b>Compressed work week</b>   | <b>Working from home</b>    |
|--|--|--|
| <p><b>Matthew's parents</b> are ageing and recently made the decision to stop driving. Matthew helps out by driving them to medical and specialist appointments. Matthew is able to manage his work commitments by working flexible hours, he can either start working a little earlier in the day or stay back later in the evening after he has taken his parents' home again.</p> | <p><b>Julie's mother</b> lives on her own and requires support with meal preparation and house chores. Julie likes spending quality time with her mother but is also a single parent who relies on a regular income. Julie has been able to negotiate a compressed work week with her employer so that she can remain employed full-time and spend a full day each week caring for her mother.</p> | <p><b>Ash's father</b> lives in a regional town and recently experienced a fall and broke his collarbone. While he recovers from his injury he will need help with daily tasks including showering and eating. Ash has organised to work remotely for 8 weeks. During this time Ash will be able to live and work from his father's house.</p> |

Beyond the entitlements contained in the NES, employees and employers can seek to develop arrangements that meet the needs of carers. Where caring responsibilities cannot be accommodated within the conditions of employment under a modern award or an enterprise agreement, an Individual Flexibility Arrangement can be used to vary those conditions in a mutually beneficial way (within certain legislated parameters).

Outside these arrangements, employees and employers can use informal arrangements to help employees meet their caring responsibilities. The Australian Chamber of Commerce and Industry (ACCI), for example, said 'the best practice 'policies' are not formal policies at all, but rather good, high trust relations between employers and employees which are conducive to the making of informal arrangements' (sub. 35, p. 13).

Employers can seek to provide additional supports beyond the minimum entitlements under the NES to cultivate carer-friendly workplaces. There is some evidence that carer-friendly workplaces are associated with reduced care strain among informal carers and reduced withdrawal from work (Constantin et al. 2022). Carers Australia pointed out that 'there is a growing body of research showing that carer-friendly employment policies and practices (such as leave and flexibility) and workplace culture (such as supportive managers and co-workers) play an important role in enabling workforce participation by carers' (sub. 36, p. 6).

Some participants expressed concern that Australia lagged behind other countries in terms of workplace supports for carers (Carers Australia, sub. 51, p. 12, The Women, Work and Policy Research Group and the Work + Family Policy Roundtable, sub. 54, p. 5). While it is not easy to compare carer leave entitlements between countries, with the combination of paid personal leave, unpaid carer leave (per occasion) and flexible working arrangements under the NES, Australia appears to compare favourably to the United Kingdom and the United States but not to Nordic countries and some countries in Europe (appendix B).

## Use of workplace entitlements to balance work and care

Most working carers have a preference to continue working, and many use flexible working arrangements to achieve this.

- Full-time employed carers are more likely to be in jobs that offer flexible working arrangements relative to non-carers and are more likely to take paid leave of more than 20 days each year compared to non-carers.

- On average, full-time employed carers who have access to flexible working arrangements are able to provide 10 hours of care each week and part-time employed carers 15 hours each week (ABS 2019a, HILDA Releases 5 to 20).

Working carers of older people access a variety of leave types and flexible working arrangements. Special working arrangements – particularly working from home – have become more common in recent years, as the COVID-19 pandemic brought widespread changes to work patterns (PC 2021).<sup>3</sup> Others switch from full-time to part-time work so they can continue to work.

Some employees already have access to extended periods of unpaid carer leave. For some, carer leave is provided for in their enterprise agreement. For example, the Carers Victoria enterprise agreement provides 10 days unpaid carer leave. But this is an isolated example – very few enterprise agreements (which cover about 35% of employees) (DEWR 2022, p. 5) contain an entitlement to extended unpaid carer leave. The Commission randomly sampled 500 enterprise agreements and none of the sampled agreements had an entitlement to extended unpaid carer leave.

Other employees have access to extended unpaid leave because their employer voluntarily grants it on request (to care and for other reasons). For example:

- Carers NSW reported that four employers accredited through its 'Carers + Employers' network offer carer leave in excess of the NES entitlements, with most offering unlimited unpaid carer leave (sub. 20, p. 16).
- Coles told the Commission that it has a policy of allowing up to 12 months of unpaid leave to its salaried staff for a range of reasons, including caring for older people.

But few employees choose unpaid leave. Fewer than 3,000 carers of older people took unpaid leave for 30 days or more, either as a block or in smaller increments, in 2018 (Productivity Commission estimates based on HILDA Release 20).

There is little information available about what type of employers offer extended unpaid carer leave via a workplace policy document, employment contract or on request by an employee. That said, extended unpaid leave is more likely to be available to people working in the public sector and in large companies and those with a high proportion of female employees. Highly paid and permanent full-time employees are also more likely to have access to leave to care (Colombo et al. 2011, p. 124).

## **Are leave entitlements for employees with caring responsibilities adequate?**

Participants had mixed views about the adequacy of the leave entitlements for supporting employees with caring responsibilities. Representatives of working carers mostly argued that existing entitlements in the NES are insufficient to meet working carers' needs (box 6). Lived Experience Australia Ltd, for example, said:

The existing leave entitlements for carers are primarily intended for brief periods of care to deal with an illness or unexpected event or emergency. However, we know that informal carers struggle to balance their work and caring responsibilities. (sub. 1, p. 4)

---

<sup>3</sup> Participants spoke about the increased prevalence and acceptability of flexible working arrangements, including working from home, which has helped working carers balance work and care (Carers Australia, sub. 36, p. 3; Carers NSW, sub. 20, p. 12; Older Persons Advocacy Network, sub. 45, p. 4).

And Carers Australia said:

Unpaid leave can be inadequate as employers are not obligated to grant requests for unpaid leave and, in the case of sick leave, can dismiss an employee who has exhausted their sick leave if they do not return to work within 3 months. (sub. 36, p. 15)

A survey conducted by Women Lawyers Association of Queensland found that 75% of those who responded considered the current leave entitlements inadequate for those who have caring responsibilities for older people (sub. 4, p. 3).

Some participants pointed to the lack of employment of carers with continuous and intensive caring responsibilities as evidence that current arrangements are inadequate. For example, Dementia Australia reported that many carers were forced to resign rather than take leave or request flexible working arrangements (sub. 12, pp. 11-12). And Lived Experience Australia Ltd said:

...their only options are to use up their own annual leave or sick leave or take unpaid leave. Where carers do this year in and year out, to accommodate their caring role, they may eventually resign or switch to part-time employment much sooner than they would otherwise. Many of us just get tired, we persist with juggling work and caring, and our own health and wellbeing suffers too. (sub. 44, p. 5)

Other participants pointed to the consequences of the inadequacy of current leave arrangements. For example, some working carers reported using all their personal leave to manage their caring responsibilities (leaving them with no sick leave for themselves) and accumulating recreation and sick leave to deal with care emergencies. Not taking leave to rest and recover from illness can affect employees' health, wellbeing and ability to care.

Employer groups, however, argued that existing leave entitlements were adequate, and there was not a strong case for a new entitlement for extended unpaid leave for carers (box 6). The ACCI, for example, noted that:

It is worth recalling that nothing stops an employer and employee agreeing to any period of unpaid leave, and this regularly occurs where people travel, study, take a sabbatical etc. It must be established that this existing capacity could not accommodate caring before any right or entitlement were considered. (sub. 35, p. 18)

### **Box 6 – Participants' views on the adequacy of leave entitlements for carers**

Older Persons Advocacy Network:

The current carer leave provisions within the NES are inadequate to support longer term care of older people by family, relatives and friends ... While there are some employers providing access to extended unpaid carers leave the fact that this is not available to all employees across Australia provides a strong impetus for including within the NES. This should be a right for all employees who are employed full or part time. (sub. 15, p. 2)

Circle Green Community Legal:

Clients of our service utilise existing leave and flexible work provisions in the NES to care for an older person and others with care needs. The lack of workplace engagement and



### **Box 6 – Participants' views on the adequacy of leave entitlements for carers**

secure employment for informal carers indicates existing carer employment entitlements are insufficient in supporting informal carers. (sub. 11, p. 2)

#### **Carers NSW:**

Carers NSW has heard from many carers that the current combined nature of paid sick and carer leave has limited their ability to manage their own health and wellbeing. Many carers report using all of their sick and carer leave entitlements to provide care, leaving them with no sick leave to meet their own health needs. (sub. 20, p. 11)

#### **Women Lawyers Association of Queensland:**

The experiences of our members suggest a number of ways that the current provisions are inadequate, which include:

(a) a lack of flexibility – caring for older people requires longer periods of care, the needs of which can fluctuate from day-to-day, making it impossible to plan ahead for such care.

(b) insufficient number of days – caring for the individual and/or children may exhaust the annual 10 day entitlement, leaving no additional leave to care for older people (which may be more ad hoc). The current entitlement includes both personal and caring responsibilities. This is particularly insufficient where an individual has their own health needs.

(c) insufficient number of days – current entitlements allow for fewer than one day per month in paid leave and don't allow for additional caring requirements – particularly during pandemics or even the flu season, for example.

(d) older people often have a number of appointments – current allowances for paid leave doesn't take into consideration the requirement that older people often have to attend on a number of businesses or institutions often multiple times per week (such as health care providers), and that those institutions or businesses are only available during the week, during business hours.

(e) do not take into consideration indigenous and other cultural ideas of what constitutes a family, significantly restricting who can access leave for the care of older people.

(f) do not take into consideration that those from indigenous and other cultural backgrounds can have additional caring responsibilities for elders. (sub. 4, p. 4)

#### **Women, Work and Policy Research Group:**

The current leave arrangements have some limitations that create barriers to access ... People with care responsibilities are more likely than those without care responsibilities to work part time. Consequently, carers of an older person (or a person with a disability or chronic illness) are likely to have their 10 days per annum reduced on a pro rata basis, so that the actual days of paid leave they have access to per year is less than 10. In addition, a considerable proportion of carers provide care for more than one person. ... Consequently, the amount of paid leave is inadequate to meet their care responsibilities. (sub. 28, p. 3)



### **Box 6 – Participants' views on the adequacy of leave entitlements for carers**

Ai Group:

... the [Fair Work] Act currently provides considerable measures to support informal carers look after the frail and elderly, including through provisions directed at paid and unpaid leave and flexible work arrangements that specifically contemplate the needs of carers ... we are not convinced that creating a new statutory entitlement providing for an extended absence from paid employment is the most appropriate arrangement. (sub. 34, pp. 2–3)

ACCI:

... in the vast majority of circumstances, the existing leave entitlements are adequate for undertaking caring responsibilities of older people, when they arise unexpectedly or sporadically. (sub. 35, p. 9)

A wide range of participants also told us that employment entitlements are not generally well known or understood. Ways to improve working carers' knowledge and understanding of relevant leave entitlements are discussed in section 8.

## **Most carers want more flexible working arrangements**

Many participants argued that strengthened flexible working arrangements are the most appropriate tool to help employees better reconcile work and caring commitments. Because of the diverse and unpredictable nature of caring situations, flexible working arrangements can be a better fit for the needs of carers of older people than any carer leave entitlement. ACCI, for example, said:

... the appropriate solution is not the expansion or introduction of new employee entitlements, but instead the promotion of flexibility in working arrangements and better empowering employers and employees to work together to better balance work and non-work commitments. Agreed flexibility to accommodate caring is a powerful tool which needs to be considered as it offers far more bespoke, personally targeted and relevant flexibility than any general regulation or rule ... Enhancing the flexibility of the workplace relations system resolves the tension between employees' work responsibilities and other obligations, without imposing unnecessary costs on employers. It is conducive to more harmonious workplaces and mitigates risks of dis-employment effects for prospective employees. Flexibility is also the best mechanism for accommodating diverse and unexpected caring demands placed on employees. (sub. 35, pp. 4-5)

The Older Persons Advocacy Network argued that flexible working arrangements would achieve greater equity across carers.

OPAN believes that while all Australian carers having access to the same leave entitlement promotes greater equality in the workplace, all carers having access to a range of flexible and individualised supports to balance work and care will achieve greater equity.

Older people and carers consulted by OPAN strongly support the need for flexible working arrangements. They consider that in light of the 'working from home' revolution prompted by

the global pandemic, that many carers could work flexibly at home at times which suit their care responsibilities. (sub. 45, p. 4)

However, others, while noting the advantages of flexible working arrangements for both carers and employers, said it was not the solution for all caring situations (Carers Australia, sub. 51, p. 9).

Flexible working arrangements are frequently requested by carers<sup>4</sup>, but inflexible employers and lack of understanding of the caring role hampers access to these (Carers Australia, sub. 36, p. 15). We heard from some carers about the barriers they face to accessing flexible working arrangements. For example:

For myself, I need to be able to work from home so that I am there to monitor the person I care for and help if needed. I need the opportunity to accrue flextime (TOIL) [time off in lieu] to cover 'bad' mornings or doctor's appointments. I need understanding and the flexibility to be put into a role where I can be 'late' to work and allowed to make up the time at the end of the day. I need to feel as if I'm trusted, not as if I'm being monitored. (Carers Tasmania, sub. 37, p. 18)

The Australian Nursing and Midwifery Federation reported that:

Despite a clear desire amongst caregivers for flexible working arrangements, respondents [to a survey of ANMF members with carer responsibilities] commented that workplace flexibility was difficult to obtain. Many respondents indicated that they were denied flexible working arrangements and were instead forced to reduce their hours of work, accept casual work or cease employment entirely. (sub. 39, p. 14)

Carers' responses to surveys also suggest that they are not always able to access flexible work.

- In 2018, the most common reasons why informal carers could not make more use of special working arrangements were having inadequate paid leave, work commitments, barriers to flexible work due to the nature of the job and inadequate work arrangements (ABS 2019a).
- In 2022, 23% of carers reported not having flexible working hours, 46% had somewhat flexible hours and 31% had very flexible hours (Schirmer, Mylek and Miranti 2022).

And some carers said that they were reluctant to talk to their employer about their caring role or request changes to their working arrangements because of fear of negative career consequences.

A number of participants said that the right to request flexible working arrangements was limited by the lack of a right of appeal.<sup>5</sup> They expressed concern that an employer could refuse an employee's request for flexible working arrangements and the employee would have no means to appeal the decision.

This will soon no longer be the case, as a number of relevant legislative changes will take effect from June 2023 (box 7). The changes give employees recourse if their application for flexible work is denied, and so are likely to make it easier for working carers of older people to access flexible work. But their real-world impact is yet to be determined.

---

<sup>4</sup> Carers responding to a recent survey in the UK said the interventions that would be most helpful if they were caring alongside work were a supportive employer/line manager (89%), paid carer leave (89%), and flexible working arrangements (88%) (Carers UK 2019, p. 7).

<sup>5</sup> Circle Green Community Legal (sub. 11, p. 2); JobWatch (sub. 17, p. 3); NACCHO (sub. 5, p. 5); SDA (sub. 38, p. 7).

### **Box 7 – Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022**

On 6 December 2022, the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) received the Royal Assent. This Act makes a series of changes to the *Fair Work Act 2009* (Cth), including amendments to the right to request flexible working arrangements in the National Employment Standards. These amendments will commence on 6 June 2023.

Employees will gain the right to appeal rejected requests for flexible working arrangements to the Fair Work Commission, with the Fair Work Commission allowed to arbitrate on whether the request was genuinely rejected on ‘reasonable business grounds’.

The amendments will also enshrine more of the procedures that employers are required to follow when responding to requests that are currently set out in awards, in the National Employment Standards.

Source: FWC (nd).

Arafmi Ltd noted that the upcoming changes to flexible working arrangements have ‘the potential to make a big difference for carers’ but ‘the key question is how easy it is to access’ (sub. 53, p. 3). Carers Australia suggested the benefit of the reforms may be limited in practice.

...the process entered into if the employer or employee refers the dispute to the Fair Work Commission before reaching an arbitrated resolution can be long and very confronting. The employee also needs to take into account what the impact on their relationship with their employer will be if the parties go down this process for any length of time, and for if the decision is ultimately in favour of the carers request. (sub. 51, p. 11)

The Commission has recommended a process for evaluating the changes to the right to request flexible working arrangements (section 8).

There is also scope for governments to do more to improve employers’ and employees’ understanding of flexible work entitlements (discussed further in section 8).

## **4. Our approach to entitlement design and assessment**

The Commission approached the design of an entitlement to extended unpaid carer leave for carers of older people, and the assessment of its economic and social costs and benefits, in the same way it would consider any new policy. Because all policies have costs and benefits, to be convinced that a new policy will be worth putting in place (that is, it will ‘make a difference’) it is necessary to demonstrate that the benefits of the policy outweigh the costs to the Australian community. As such, we considered an entitlement (and other policies to support informal carers) in the context of whether it would improve the lives of carers of older people and the people they care for, and the wellbeing of the community overall (that is, also taking into account the costs and benefits to employers and taxpayers).

We drew on the literature on the costs and benefits of carer leave arrangements (appendix E) and looked at the features of carer leave arrangements in other countries (appendix B). We also considered the challenges working carers face combining work and care, existing leave arrangements, recent changes to supports for

informal carers of older people, and the planned and enacted reforms in the aged care sector (as there are many changes in play following the recommendations of the Royal Commission).

We consulted widely, including with carers and carer organisations, employer organisations, academics, Australian Government agencies and organisations in Europe, New Zealand and the United Kingdom (appendix A). We held two roundtables – one on ‘Design of extended unpaid leave entitlement for informal carers of older Australians’ and another on ‘Lived experience of carers’.

Questions this inquiry sought to answer were:

- to what extent would an entitlement to extended unpaid carer leave address the reasons for governments to support informal carers (box 8) and the challenges carers face combining work and care?
- what design features of an entitlement to extended unpaid carer leave would maximise the outcomes for the community?
- to what extent would an entitlement to extended unpaid carer leave result in better outcomes than under current arrangements?
- are there any potential undesirable consequences from an entitlement to extended unpaid carer leave?
- are there better ways than an extended unpaid leave entitlement to support informal carers of older people?

In the context of designing and assessing an entitlement to extended unpaid carer leave, the key steps we took included estimating:

- the number of employees who would be likely to use an entitlement
- the share of those employees likely to use an entitlement who would have otherwise stayed in paid work and the share expected to exercise their right to return to their job
- the potential impacts, positive and negative, on older people who receive informal care, carers, employers and taxpayers.

We also looked at the distributional effects and implications of an entitlement to extended unpaid carer leave (appendix F).

### **Box 8 – Rationales for government involvement in supporting informal carers**

An important first step when considering any new policy is to revisit the rationales for government involvement.

One reason for governments to put policies in place is to support the most vulnerable in the community, and there are equity grounds for supporting carers. Caring can significantly affect a person’s physical and mental health, and impose financial costs. Some of the ways government can help can include:

- *Supporting low income carers.* Many informal carers of older people earn low incomes. Whether carers have low incomes because of their caring responsibilities or because people who become carers earn low incomes, there is an equity case to provide financial support (such as the Carer Payment).
- *Helping informal carers with the costs of caring.* While carers of older people make the decision to provide care, they do not choose the circumstances that led them to make that choice (box 4). And carers who provide high levels of care may not be able to support themselves financially.
- *Reducing the share of the costs of informal care borne by women.* Most primary carers of older people are women and the gender time gap in informal care affects their workforce participation, lifetime

### **Box 8 – Rationales for government involvement in supporting informal carers**

earnings and retirement savings. Policies that help reduce the share of costs of informal care borne by women can be equity-enhancing.

Another reason for supporting informal carers is that some of the markets that carers use may not work as well as they might (often referred to as ‘market failure’).

- Employees face uncertainty about whether they will need to provide informal care in the future which could be costly if it means they cannot work. Without insurance against this potential loss of income they would need to either set aside precautionary savings or risk poverty or not being able to provide care. If employees were insured against loss of income due to informal care, the risks that they face could be pooled and each could achieve the same outcome as if they had set aside precautionary savings with a much lower savings pool. But private insurers tend not to provide insurance of this type (Barr 2010), which suggests a role for publicly provided insurance, such as via the Carer Payment.
- Workplace entitlements, such as an entitlement to extended unpaid carer leave, may not be offered to employees in cases where they benefit from them more than what they cost employers to provide. This is because:
  - employees, fearing discrimination, may not want to bargain for workplace entitlements that signal their caring role to their employer
  - employers and employees might be uncertain of the costs and benefits of particular workplace entitlements
  - existing workplace regulations can limit the scope for employers and employees to trade pay for workplace entitlements.
- People’s choices about paid work and caring could be made on incomplete information. While the decisions people make about caring and paid work may take into account the short term benefits and costs, some of the long-term costs of taking time out of the workforce (such as the costs on health and wellbeing and lifetime incomes) can be difficult to estimate and may not be adequately accounted for.

## **What objectives might an entitlement seek to achieve?**

The concerns raised by the Royal Commission point to increasing workforce attachment of carers and assisting carers to better balance paid work and care as potential objectives for an entitlement to extended unpaid leave. In other countries, helping carers to better balance paid work and care is a commonly cited objective for putting in place carer leave entitlements (appendix B).

Having access to leave to undertake caring responsibilities is important for providing employees with choices about the amount of care they provide, while also allowing them to remain connected to the workforce. As the Women, Work and Policy Research Group explained:

Better access to leave would support [informal carers] with more options, such as taking a break from work, and this has the potential to reduce the speed with which they are forced to make work-related trade-offs, such as reducing hours, finding a new job that is more flexible and closer to home (often not commensurate with their skills and experience), or leaving the labour market altogether. (sub. 28, p. 4)

The Australian Government, when announcing this inquiry, said that access to a minimum entitlement could relieve some of the burden on formal carers and help reduce future demand for formal aged care services.<sup>6</sup>

Again, this is a commonly cited objective internationally. Countries with higher levels of spending on long-term care are also more likely to have carer leave entitlements (appendix B). Key to carer leave entitlements achieving this objective is the substitutability of informal and formal aged care which is much less than one-for-one particularly for many of the tasks involved in more intensive care (appendix E).

A number of participants challenged whether reducing demand for formal aged care services was an appropriate objective for an entitlement to unpaid carer leave. For example, MS Australia said:

Informal carers who can sustain some form of paid employment in addition to their caring responsibilities, should not be seen as a solution for the current deficit in aged care quality, workforce or funding allocation. ... Flexibility in employment and workplace options, including the ability to request extended unpaid carer's leave is supported by MS Australia but should not be used as a means to negate or make up for community and in-home supports for those wanting to remain at home for as long as possible. (sub. 8, pp. 4-5).

And the Women Lawyers Association of Queensland said:

While extending unpaid leave might allow for an increase in informal care, such increase is likely to come at the expense of the earning capacity of the women who undertake the carer's role. (sub. 4, p. 6)

Other objectives for an extended unpaid leave entitlement (and for other supports for informal carers) suggested by participants to this inquiry include:

- improving the wellbeing of the people who are being cared for (via the quality and amount of care provided and allowing older people to stay in their homes for longer)
- improving the wellbeing of carers
- changing societal norms about caring and addressing gender inequalities (box 9).

### **Box 9 – Objectives for an entitlement: what participants said ...**

Lived Experience Australia Ltd:

... this entitlement could increase the amount of care provided, the quality of care, and support to carers by granting a right to return to work after extended leave caring. (sub. 1, p. 3)

Commenting on the objective of mitigating demand for formal caring arrangements, the Department of Health and Aged Care said:

The introduction of policies that provide entitlements to paid and unpaid leave for carers of older Australians, and increased respite options may have the potential to achieve this outcome and go a long way to address carers (predominantly women) leaving the workforce or reducing work hours due to caring responsibilities. (sub. 24, p. 3)

---

<sup>6</sup> The Department of Health and Ageing noted that with an ageing population, the aged care sector is experiencing increased demand for formal aged care services and this has been compounded by the COVID-19 pandemic (sub. 24, p. 6).

**Box 9 – Objectives for an entitlement: what participants said ...**

The Australian Retailers Association:

... the policy intent of the proposed carer leave is to provide more support for informal carers, and that it will also likely boost women's workforce participation and improve employee retention. (sub. 14, p. 2)

The Royal Australian and New Zealand College of Psychiatrists said a minimum statutory entitlement for an employee to take unpaid leave for caring will:

... help relieve burden on informal carers. This will support the health, independence, dignity and quality of life of older Australians and their informal carers. (sub. 25, pp. 2-3)

Carers NSW:

... while enabling carers to sustain paid work and care is likely to have a positive effect on the economy and on the long-term sustainability of formal care service systems, the key aim of any such initiatives should be supporting the optimal health and wellbeing of carers and the people they care for. (sub. 20, p. 3)

The Women, Work and Policy Research Group:

... temporary periods of intensive support and care that are extremely difficult to combine with paid work and for which longer periods of leave would be particularly helpful, such as rehabilitation support for an older relative to transition back home after a stay in hospital, or supporting an older relative at the end of life. (sub. 28, p. 3)

Carers Australia:

Part of the purpose of extended unpaid leave is to help carers to adjust to a new caring situation or an escalation in an existing carer situation. Carers Australia has plenty of anecdotal evidence that many people become so overwhelmed by these challenges that they will quit their job fairly quickly. However, if carers are given enough time and opportunity to resolve these issues, it is highly likely that they will return to work even if they continue caring. (sub. 36, p. 21)

Improving workforce attachment of carers is a legitimate policy objective. For carers, greater attachment to the workforce can mean higher lifetime incomes and retirement savings. And higher workforce participation is a positive for the economy. But the way people participate in the workforce generally reflects their preferences. This means that the case for a policy aimed at improving workforce participation and attachment is strongest when there is something distorting people's choices about paid work and caring.

An entitlement to extended unpaid carer leave could reduce the costs to carers of returning to paid work and encourage women to maintain their attachment to the workforce. There is some evidence that carer leave entitlements (particularly when combined with other flexible working arrangements and paid leave) can have a positive impact on employment outcomes, including helping carers to remain employed and to maintain their work hours (Pavalko and Henderson 2006).

Improved attachment to the workforce could improve gender equity, with benefits for carers and the community more generally. But at the same time, an entitlement could encourage some carers who otherwise would not have left paid work to take unpaid leave to provide care (and some of these may not



return to the workforce). Extended breaks away from the workforce can lead to loss of skills and can affect the career prospects of employees. This points to the importance designing an entitlement to extended unpaid leave so that it supports carers but does not contribute to workforce detachment.

Relief from the stress of juggling work and care, or from anxiety about finding a job after caring responsibilities are over, could have positive impacts on mental health. Merri Health identified this and other potential benefits to carers' wellbeing from an entitlement to extended unpaid carer leave.

Feeling forced to cease work because of caring responsibilities can increase carer's feelings of isolation and loss of their own identity and goals. Carers report that an opportunity to remain connected to work would improve their confidence and self-determination. (sub. 18, p. 15)

While there is little evidence that carer leave entitlements reduce the effect of caring on mental health (Pavalko and Henderson 2006), provided the challenge of combining paid work and care is not too high, remaining employed can have a positive impact on carers' wellbeing (and it can help carers with the additional costs of caring). Working can be a respite from caring responsibilities and help carers maintain social connections.

An entitlement to extended unpaid leave for carers could provide a signal that taking time out to care for older people is valued by the community and, over time, change attitudes in the workplace and society more generally about caring. Arafmi Ltd, for example, argued that:

Significant changes to carer leave will change the conversation in Australian workplaces and society, in ways similar to the changes we are seeing with parenting leave and accessibility. An understanding that extended unpaid carer leave applies to every employee and can be used flexibly for different durations of time, would build a workplace culture that the entitlement applies commonly to most employees over time rather than being an extraordinary or exceptional occurrence for a few. (sub. 9, p. 3)

And Carers Australia said:

The [Victorian Equal Opportunity and Human Rights] Commission's research demonstrates a need to ... invest in strategies to transform societal attitudes towards unpaid caring and parenting, to adequately ascribe value to the 'second shift' many workers perform outside of their formal working hours. (sub. 36, p. 32).

However, while policies to address the gendered distribution of informal care could be justified on equity grounds, an entitlement to extended unpaid carer leave could also reinforce the gender gap in informal care (box 10). This concern was raised by a number of inquiry participants.<sup>7</sup> For example, Anglicare Australia, noting that women shoulder most of the responsibility for unpaid care work, raised concerns about the consequences of encouraging more women to take unpaid leave for the gender pay gap.

Encouraging more women to take unpaid leave to care for loved ones may have an unintended impact of widening the gender pay gap, as they miss opportunities for career advancement and salary increases available to male counterparts. Extended unpaid leave can also reduce women's superannuation balances, leaving them at risk of poverty as they age. (sub. 6, p. 1)

---

<sup>7</sup> Australian Nursing and Midwifery Federation (sub. 39, p. 4); Australian Services Union (sub. 30, p. 1); Carers NSW (sub. 20, p. 8); Lived Experience Australia Ltd (sub. 1, p. 5); Women Lawyers Association of Queensland (sub. 4, pp. 6-7); Women Work and Policy Research Group (sub. 28, p. 5).



### **Box 10 – Gender inequality in care impacts gender inequality in the workplace**

Women in Australia (and elsewhere in the world) take on more unpaid care, including the care of children and older family members, than men. This is despite an increasing number of women in the workforce and more gender balance in parenting roles. In Australia, women spend 64% of their average weekly working time on unpaid care work, while men spend 36% (WGEA 2016, p. 3).

This gender time gap in unpaid care work is a key explanation for the different workforce experiences of men and women. It means women are more likely than men to take time away from work and reduce their workforce participation (women are more likely to be in part-time and casual employment than men). Women also often engage in work that provides flexibility (sometimes below their skill level) to help them reconcile caring and work and gender imbalances in caring can affect employers' perceptions and workplace practices. All this affects women's lifetime earnings, retirement savings and career progression (women are underrepresented in leadership and high earning roles) (WGEA 2016) and reinforces norms that women do the caring. As Carers NSW put it:

Women are statistically far more likely to take on more intensive caring roles in response to social conventions and expectations, and are also far more likely to take time out of work, exit the labour force, work part time, and work in casualised, lower paid occupations and industries in order to care. This dynamic, alongside the impact of child care on workforce participation, is a key contributor to the well-established disadvantage women experience in relation to income level, asset ownership and superannuation balance. (sub. 20, p. 8)

Modelling of the economic impacts on lifetime earnings and retirement savings of unpaid carers commissioned by Carers Australia found that primary carers have lost on average \$392,500 in lifetime earnings and \$175,000 in superannuation by age 67. And people who care for extended periods of time lose substantially more than the income associated with 12 months of unpaid leave, with the most affected 10% losing at least \$940,000 in lifetime income, and \$444,500 in retirement savings (Carers NSW, sub. 20, p. 7).

The gender disparity in care of older people is often a pattern established by the disparity in care of children. With decisions about workplace participation usually made within a family context, when there are caring responsibilities, in many cases the person earning lower wages changes how they engage with paid work. The Workplace Gender Equality Agency, in its submission to the Senate Committee on Work and Care, while noting that Australia has made significant progress in gender equality outcomes in recent decades, also commented that 'gender norms, discrimination, and stereotypes perpetuate gender inequality in the division of work and caring responsibilities between women and men' and 'this sees women taking on more unpaid care responsibilities and can inhibit women's engagement in the workforce' (WGEA 2022, p. 2).

With unequal sharing of caring responsibilities and women being more likely than men to use parental leave and flexible working arrangements, an entitlement to extended unpaid leave to care for older people could further entrench gender inequality in work and care. That said, it could also reduce the disparity in outcomes for working women and men, including by improving women's attachment to the workforce and reducing lifetime earnings gaps between women and men. On its own, however, an entitlement to extended unpaid carer leave will not make a big difference to workforce participation of women (section 6) or community attitudes that will result in a more equal sharing of unpaid care work.

## 5. Entitlement design choices

Key tasks for this inquiry were to *design* an entitlement to extended unpaid carer leave (including the minimum and maximum permissible leave duration, minimum notice period and eligibility – all discussed in this section) and assess whether the entitlement to extended unpaid carer leave should be included in the NES (section 6).

Design choices were guided by the likely effects of different design features, and the need to avoid undesirable consequences.

Most design features trade-off benefits to employees and care recipients against costs to employers. For example, employees and care recipients would benefit from a short minimum notice period to take leave but allowing employers to take extended leave at a day's notice could come at a high cost to employers. Setting design parameters where marginal changes induce the most similar marginal benefits to employees and care recipients as the marginal costs to employers best balances these competing interests.

In practice, designing an entitlement against these principles was challenging because of limited information on the potential costs and benefits. Participants provided valuable insights (including at a roundtable where we sought feedback on a preliminary model entitlement) on how an entitlement would benefit carers and care recipients and the design features that would be of most benefit to them.

But there remains uncertainty about the impacts of various design choices because the evidence is thin and measuring some impacts is challenging. For example, it is difficult to place a value on the satisfaction of caring for a loved one or the ability of someone to stay in their home for longer because they are getting more care from a friend or family member. It is also difficult to estimate the additional costs to employers of an entitlement to extended unpaid carer leave without granular information on how different types of employers might respond to such an entitlement and how different employees might use an entitlement, especially given the wide diversity of carers and care recipients and their needs.

Our design decisions also took into account other considerations, such as the features of other leave entitlements in the NES and carer leave entitlements in other countries (appendix B).

As the NES forms a set of minimum entitlements for employees in Australia (box 5) any new entitlement would be designed as a minimum and is unlikely to be the optimal entitlement for all carers who wish to use it. Improvements to how the entitlement is applied or used could be negotiated between employers and employees in enterprise agreements, individual contracts, individual flexibility arrangements and more informal arrangements. Carers and their employers may be able to negotiate using the minimum NES entitlement as a starting point, to alter the extended unpaid carer leave to suit their needs, although the ability to do so will be limited where the carer lacks bargaining power.

### Leave duration

The terms of reference to this inquiry (and the Royal Commission) did not specify what was meant by an 'extended period of unpaid leave'. Internationally, unpaid carer leave is available for periods ranging from two days to two years (box 11).

### Box 11 – Internationally, the duration of carer leave entitlements varies widely

Many developed countries have carer leave entitlements embedded in national legislation and policies (figure below). Over half of all OECD countries offer paid leave and almost one third offer unpaid leave to care for older people (Rocard and Llana-Nozal 2022, pp. 46–47). Leave is typically available to care for a close relative who is ill, dependent or vulnerable.

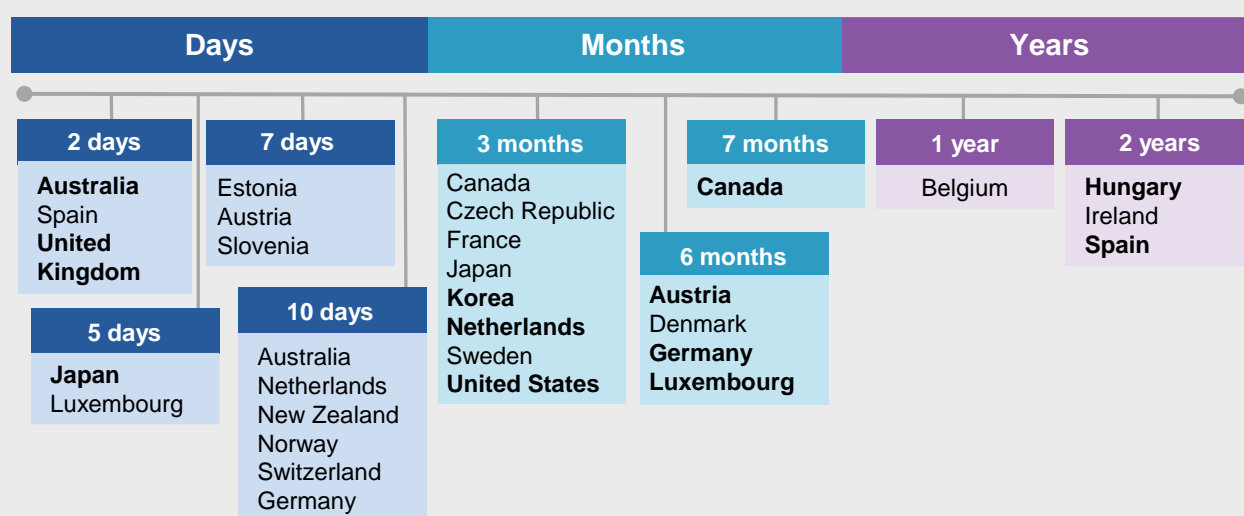
Entitlements vary across countries where combinations of paid and unpaid carer leave can be available. Most countries in Europe provide both short- and long-term carer leave geared toward different care needs (Bouget, Spasova and Vanhercke 2016, p. 19).

Leave entitlements vary in duration. In Ireland, Hungary and Spain, employees are eligible for up to two years of job-protected leave while the UK and Australia offer only two days of unpaid carer leave.

Typically, unpaid leave entitlements are longer than paid ones. In several countries, leave can be taken in blocks or shared between family members. In Germany, employees can access up to six months of unpaid continuous leave (including up to 10 days of paid leave), or they can negotiate a part-time work arrangement for up to two years whilst providing care.

Several international jurisdictions have recently made, or are seeking to make, policy changes to support carers' participation in employment.

- In 2022, the European Parliament's Directive for Work-Life Balance for Parents and Carers came into effect across all members of the European Union. The directive sets out minimum requirements for paternity leave, parental leave and carer leave and flexible working arrangements for workers who are parents or carers.
- In the United States, the Biden Administration introduced the Build Back Better Bill 2021 which included 12 weeks of paid Family and Medical Leave as a national minimum standard. While the Bill was unsuccessful, it mirrors family leave entitlements currently available across 13 states and the District of Columbia.
- A Bill to introduce five days of unpaid carers leave is currently before the United Kingdom Parliament.



Notes: Further detail on the duration and design of entitlements can be found in appendix B. Countries in **bold type** offer an unpaid entitlement.

Sources: Eurocarers (2018); European Commission (2022); National Conference of State Legislatures (2020); Rocard and Llana-Nozal (2022); UK Parliament (2023).

An entitlement of up to 12 months of unpaid leave was suggested within the Royal Commission and was supported by a number of participants.<sup>8</sup> An entitlement of up to 12 months would align with the duration of unpaid parental leave. There are, however, important differences between the care of newborn children and care of older people. Caring for newborn children usually follows a fairly predictable schedule whereas care for an older person can be unpredictable and can be required over both short and long periods of time (it can also be difficult to tell how long care will be required). And unlike parental care where the intensity of care usually reduces over time, the intensity of care of an older person can change when the care recipient's condition declines or improves or where accessing formal care is difficult or takes time.

The decision about the appropriate duration for an extended unpaid carer leave entitlement in Australia was guided by the need to balance two competing priorities – the period of leave that would be long enough to offer meaningful benefits to carers and carer recipients, but not so long that it would impose excessive costs on employers or carers.

Given the diverse and unpredictable nature of caring for older people, carers are likely to make use of the entitlement differently depending on their circumstance (figure 8). The duration of carer leave available under an entitlement therefore needs to be sufficiently flexible and lengthy to cover a range of carers' circumstances.

**Figure 8 – Entitlement use could vary depending on personal circumstances and care needs**

|   |  |  |
|---|--|--|
| <p><b>Transition event</b><br/>6 months leave</p>  <p><b>Steve's grandmother</b> needs help around the house with home maintenance and meal preparation. Steve has previously been able to help out using flexible working arrangements but his grandmother's needs are increasing. She has been approved for a Home Care Package but is likely to have to wait 6 months for it to start.</p> | <p><b>End-of-life care</b><br/>Up to 12 months leave</p>  <p><b>Millie's dad</b> is in the end stages of his life. With the help of a formal care package, he's been able to age at home and Millie has been able to help out when needed using paid carer leave. His doctor has advised Millie that during this end-of-life stage he will need full-time informal care to remain at home.</p> | <p><b>Ongoing care</b><br/>Possibly no return to work</p>  <p><b>Sally's mother</b> has been diagnosed with dementia and her condition requires a full-time carer to assist with daily tasks and keep her safe. They are not sure how long her care needs will last. Sally's mother would have to move off Country to access residential care and so Sally decided to become her full-time informal carer instead.</p> |
|---|--|--|

While a majority of carers of older people provide care for over three years (ABS 2019a), the intensity of care provided can vary throughout this time. Carers Australia said the carers who would most benefit from extended unpaid leave are those with a new and intensive carer role and those who have a sudden escalation in their existing carer role (public hearing transcript, p. 4). Examples of circumstances when carers might access extended unpaid carer leave were provided.

These circumstances may involve changing their housing arrangements in order to be with the person requiring care; finding out about supports available both for them and those they care for, and accessing those supports. In such cases anything from 3 to 6 months may be adequate. (Carers Australia, sub. 51, p. 8)

... caring while a care recipient is rehabilitating and returning to living at home after a fall, assisting a care recipient move into residential care, spells where a care recipient with a

<sup>8</sup> Australian Retailers Association (sub. 14, p. 2); Carers Australia (sub. 36, p. 15); Circle Green Community Legal (sub. 11, p. 2).

mental illness requires greater support, or care for a relative at the end of life ... (Women, Work and Policy Research Group, sub. 54, p. 2)

Table 1 provides examples of care needs and the duration of leave that might be required.

**Table 1 – Care needs likely to elicit leave-taking vary in duration**

| Circumstance      | Likely duration | Care need being addressed  |
|-------------------|-----------------|--|
| Post-acute care   | Several weeks   | Care following hospitalisation or a serious illness or injury                            |
| Transition events | 3-15 months     | Assisting an older person to regain independence or to transition into formal aged care  |
| End-of-life care  | Up to 12 months | Care provided during the end stages of a person's life                                   |
| Ongoing care      | 12 months+      | Regular ongoing care activities such as meal preparation, transport and home maintenance |

An entitlement to up to 12 months of unpaid carer leave would provide carers with enough time off to manage a range of high intensity care circumstances without imposing excessive costs on employers or large wage, career and skill penalties on carers (penalties that are associated with taking long periods of leave).

Unlike parental leave, we are not proposing that informal carers have the option to extend leave for an additional 12 months. It is unlikely that the right to request an extension to the leave by an additional 12 months would increase workforce attachment (appendix D) and it would increase the costs associated with the entitlement.

## A minimum duration of leave

Allowing extended carer leave to be used for shorter periods can mean that businesses face higher costs and have fewer options for covering absences. A minimum duration of leave is used in other countries to ensure leave is taken for extended caring needs.

However, where leave is unpaid, a minimum duration of leave can make the leave prohibitively costly for employees, especially those on low incomes, limiting their ability to use it. Most respondents to a survey by the Women Lawyers Association of Queensland said unpaid leave was 'unworkable', with the main reason being that carers are not able to absorb the financial impact (sub. 4, p. 3). And 91% of respondents to a survey of Australian Nursing and Midwifery Federation members with caring responsibilities said a lack of regular income support would prevent them accessing extended unpaid carer leave (sub. 39, p. 13).

A minimum duration also adds rigidity into the entitlement and limits the employees' choice about how to make use of the entitlement. The Women, Work and Policy Research Group noted that flexibility in leave entitlements can improve gender equality outcomes.

... where leaves can be taken flexibly, men are more likely to use them, which is a useful consideration given the issues associated with creating an unpaid leave provision that is mostly used by women. (sub. 28, p. 8)

It would also be undesirable to prevent employees from accessing the leave for genuine caring circumstances that require shorter durations of leave, such as post-acute care and, for some people, palliative care (table 1). Carers NSW cautioned against excessive restriction.

Carers NSW is conscious that these parameters would likely further reduce the number of carers able to benefit from the provision. Expanding carer leave beyond this limited pool could ensure that these parameters have less of an adverse impact on eligibility and access. (sub. 42, p. 1)

International evidence suggests that the average duration of carer leave taken is about 2-3 months (although some evidence is taken from paid leave schemes which tend to induce longer leave durations) (Meil, Lapuerta and Escobedo 2020, p. 554; Schmidt and Schmidt 2022, p. 104). These averages indicate that there are likely to be a range of leave needs that are quite short-term. In the Australian context, some short-term leave needs could be met by paid leave and the two days unpaid carer leave entitlement per occasion in the NES.

In the position paper we suggested a three-month minimum duration but sought feedback on whether a shorter minimum duration was a more appropriate balance between ensuing accessibility for carers and reducing costs to businesses. Carers and representatives of carers were generally of the view that a minimum duration of 1 month was more appropriate (box 12). Evidence from studies of paid parental leave schemes in other countries also suggests that the cost of unpaid leave for employers is not materially different when leave is 1 or 2 months in duration (appendix E, box E.3).

### **Box 12 – Minimum duration of leave: what participants said ...**

#### **Lived Experience Australia Ltd:**

...there would be many informal carers who may well value periods of leave shorter than 3 months. At present, their only options are to use up their own annual leave or sick leave or take unpaid leave. Where carers do this year in and year out, to accommodate their caring role, they may eventually resign or switch to part-time employment much sooner than they would otherwise. (sub. 44, p. 5)

#### **Circle Green Community Legal:**

We are concerned that the minimum leave duration of three months may be too inflexible to be of use to informal carers. ... informal carers use leave as part of a 'toolbox' of entitlements to give them the flexibility they need to balance work and care... To increase flexibility, we suggest a shorter minimum leave duration be considered. (sub. 52, p. 3)

#### **Carers NSW:**

While some carers may need shorter periods of leave than 3 months, improving access to other entitlements may better meet their short-term needs, this could include separating out paid sick leave from paid carer leave, increasing short-term unpaid carer leave to more than 2 days per instance and improving access to flexible working arrangements. (sub. 55, p. 4)

The Women, Work and Policy Research Group and the Work + Family Policy Roundtable pointed to benefits for both employees and employers from a shorter minimum period of leave.

Reducing the minimum period would make it more possible for employees to maintain their connection to the workplace while also meeting their care obligations, reducing the need for employers to recruit new staff. (sub. 54, pp. 3-4)

Employer groups noted their general support for the 3-month minimum duration of leave among other entitlement design choices (ACCI, sub. 49, p. 2, Business Chamber Queensland, sub. 48, p. 6).



A minimum duration of one month is expected to retain the benefits of a minimum duration for businesses while also allowing for leave to be taken for most extended care needs and reducing barriers to employees in accessing the leave.

## Catering to episodic care needs

Caregiving roles in the context of caring for older people are often described as episodic. A number of participants noted that the episodic nature of care of older people was incompatible with an entitlement that only allowed a single block of leave.<sup>9</sup> Merri Health argued that imposing a single block of leave may actually prevent employees from using the entitlement when it is needed (sub. 18, p. 6). Some also called for carers to be able to take leave as individual days.

There are likely to be benefits from allowing carers to stop and then subsequently recommence unpaid leave, as it could strengthen links to the workplace and improve their wellbeing. This sort of flexibility is available in some carer leave entitlements in other countries (appendix B) and in Australia's parental leave scheme. Employees taking parental leave, as provided for under the NES, are able to take the bulk of the leave in a continuous period followed by 30 days of flexible leave (leave which can be taken on a daily basis) (FWO 2023i). However, it was noted when the amendment allowing for flexible leave taking was introduced that it was expected that 'many claimants will simply elect to claim 30 flexible [paid parental leave] days straight after their PPL period ends, so that, functionally, they are taking 18 straight weeks of [parental leave pay]' (Department of Social Services 2020, p. 2). And, given that care for an older person is more episodic in nature than parental care, allowing flexible provisions within a carer leave entitlement could be significantly more costly for employers.

In other countries, longer carer leave entitlements (from six months to two years) are able to be accessed when the permissible care need arises although, these entitlements also often set a high bar for the care need which an employee would be able to take leave for. For example, in Hungary an employee can take up to two years of unpaid carer leave where their relative has been certified by the healthcare system to be permanently ill and the employee has to provide the care by themselves (Eurocarers 2018). While an employee in those countries could hypothetically access multiple periods of leave, fewer carers qualify for the leave.

It is also unclear how an entitlement to extended leave could be designed in a way that meets episodic care needs without being overly costly for employers.

The use of existing entitlements, including flexible working arrangements and the two days of unpaid carer leave, are likely to be better suited to addressing episodic care needs than a bespoke entitlement to unpaid carer leave. As ACCI said:

... if the entitlement is to be provided in multiple blocks, with the intention that it can be used on an ongoing basis, then the real problem of inflexibility once again arises. If employees need 1 day per fortnight, for example, to undertake scheduled caring responsibilities, what they actually need is greater flexibility to renegotiate their working arrangements to enable them to undertake these responsibilities on an ongoing basis. (sub. 35, p. 20)

Allowing employees to access subsequent periods of extended unpaid carer leave 12 months after returning from a prior period of extended unpaid carer leave would allow carers to access multiple instances of extended leave while remaining attached to the workforce, and would contain costs for employers. Carer groups noted that some carers, particularly people caring for someone with a mental illness, would benefit from being able to access the leave again sooner than 12 months following its last use (Queensland Alliance

<sup>9</sup> Arafmi Ltd (sub. 9, p. 27); Queensland Alliance for Mental Health (sub. 7, p. 6).

for Mental Health, sub. 46, p. 4, Arafmi Ltd, sub. 53, pp. 10-11). An entitlement to extended unpaid carer leave (like all other NES entitlements) would be a minimum statutory right for employees and employees and employers could negotiate arrangements that are mutually beneficial. This would include negotiating to access extended unpaid carer leave again in a shorter time frame than 12 months following its last use.

Compared to an entitlement to extended leave, flexible working arrangements are more suited to allowing carers to address episodic care needs, and there is scope to help carers make greater use of such arrangements (section 8).

## Notice periods

Having a notice period for extended unpaid carer leave seems reasonable on the basis that the leave is intended for planned periods of caring rather than emergencies and notice would reduce the costs for businesses. However, whether it is possible for informal carers of older people to provide notice depends on the spontaneity of care needs either in the onset or intensification. As pointed out in a number of submissions, providing notice of an intention to take leave to care for an older person (and predicting the amount of leave needed) can be difficult for carers. The need for some flexibility in notice periods was considered by carer representative to be necessary.<sup>10</sup>

Carers Australia also noted that ‘many carers report that they underestimated both the intensity and length of time they would be required to provide care’ (sub. 36, pp. 5–6). However, employees taking extended leave may also find they do not need as much leave as they applied for. For example, in cases where the person being cared for recovers, goes into residential care or passes away, being able to re-negotiate the period of leave would be beneficial.

Notice periods, while not straightforward for carers, clearly benefit businesses. In the position paper we suggested that a notice period of four weeks would be a reasonable balance between these two competing factors. However a number of participants highlighted situations where four weeks notice would not be possible and some argued that carers would benefit from being able to give shorter periods of notice in emergency situations (Arafmi Ltd, sub. 53, p. 10, Cancer Council and McCabe Centre for Law and Cancer, sub. 57, p. 8, Queensland Alliance for Mental Health, sub. 46, p. 4). Queensland Alliance for Mental Health, for example, said:

... in crisis situations, the first four weeks is also likely to be the most critical for the person receiving support and most stressful for the person providing care. (sub. 46, p. 5)

Carer leave is not the only entitlement with the need to balance these factors. Parental leave provides useful precedent for accounting for spontaneity and changing circumstances within notice provisions. In line with this precedent, and with the context of caring for an older person, the Commission is proposing:

- a notice period of four weeks, or as soon as possible
- that employees must advise the duration or expected duration of leave
- that employees be allowed to return from leave early with four weeks’ notice.

---

<sup>10</sup> Arafmi Ltd (sub. 53, p. 3); Carers NSW (sub. 55, p. 4); Lived Experience Australia Ltd (sub. 44, p. 5); Queensland Alliance for Mental Health (sub. 46, p. 4).



## Accessing the leave

NES entitlements (and international carer leave entitlements) have a range of eligibility requirements to ensure the entitlement is in keeping with its objectives.

### Closeness to care recipient

Carer leave in the NES requires the recipient to be a member of the employee's immediate family or household. Under section 12 of the *Fair Work Act 2009* (Cth), 'immediate family' includes a spouse, de facto partner, child, parent, grandparent, grandchild, or sibling as well as a child, parent, grandparent, grandchild or sibling of a spouse or de facto partner (current or former) of the employee. This is similar to most international carer leave entitlements (Bouget, Spasova and Vanhercke 2016, p. 18).

There are some concerns about this definition excluding groups of carers from accessing care-related entitlements, including people whose care relationships traditionally depend more on kinship and community (such as some Aboriginal and Torres Strait Islander people), and LGBTI+ people who may receive care from their family of choice where relationships with their immediate family are strained (NACCHO, sub. 5). In 2018, about 5% of all primary carers cared for someone who was not their partner, child, parent or household member (ABS 2019a). These carers are able to access carer leave only where their employer agrees to it or their agreement includes expanded definitions of caring relationships.

In designing an entitlement to extended unpaid carer leave, aligning eligibility requirements with other care-related NES entitlements is important. Consistency in the NES is important for providing both employers and employees with clarity around their minimum rights and obligations and reducing administrative burden.

Any new entitlement to extended unpaid carer leave should be consistent with the NES and be available to employees providing care for immediate family or household members, although, there may be a case to consider expanding definitions of caring relationships in the NES more broadly (section 8).

### Length of service

A number of NES entitlements have eligibility requirements about length of service. For example, at least 12 months of employment with the current employer is required for employees to access unpaid parental leave. Restricting eligibility for the entitlement to employees with at least 12 months of employment with their current employer could increase the likelihood that leave-takers return to work (because they are more likely to have formed a genuine workplace attachment before leaving).

Requiring employees to have worked for their employer for 12 months prior to being eligible to take leave would prevent employees from getting access to an unpaid leave entitlement immediately after starting work with a new employer. This would reduce the risk that employers hire and train someone, only to have them take extended leave shortly thereafter. While it is not clear whether the risk of this sort of behaviour is significant for an unpaid entitlement, the possibility of it occurring is heightened in tight labour markets where finding employment is less onerous.

### Should casual employees be excluded?

Several entitlements in the NES are not available to casual employees (they instead receive extra pay). However, unpaid parental leave is available to casual employees where they have worked at least 12 months with their employer and have a reasonable expectation of continuing employment.

Some participants argued that excluding casuals from carer leave would have the perverse effect of excluding carers (Carers NSW, sub. 20, p. 7; Women Work and Policy Research Group, sub. 28, p. 6), as many carers use the flexibility of casual work to help balance their caring responsibilities with paid work. About 24% of primary carers are employed casually (Productivity Commission estimate based on HILDA Release 20) which is slightly higher than for all employed people (Wilkins et al. 2021, p. 72).

The nature of casual work with ‘no firm advance commitment to ongoing work’ (FWO 2023a) is incompatible with an extended unpaid leave entitlement because essentially it is a right to return to work after a long period of absence. In practice, however, many casual workers become ‘regular’ employees with an expectation of ongoing work by working on a ‘regular and systematic basis’ (FWC 2023). Data from the HILDA surveys shows that well over half of all casual employees have been with their employer for a year or more and over two thirds work regular hours (Wilkins et al. 2021). It is reasonable for regular casual employees to expect ongoing engagement with their employer, including in the form of a right to return to work after an absence.

It seems appropriate to maintain the precedent set by unpaid parental leave in the NES and allow casual employees who have worked with their current employer for at least 12 months, and have a reasonable expectation of continuing employment, to access extended unpaid carer leave.

### **Should small businesses be exempt?**

Some called for small businesses to be exempt from the entitlement (for example, Australian Retailers Association, sub. 14, p. 1). The argument for an exemption for small businesses is that they face disproportionately higher costs, but the evidence for this is not clear.

Findings from research on the impact of parental leave on businesses of different sizes range from leave having no impact, to small but negative impacts on small businesses (Bedard and Rossin-Slater 2016, pp. 21–22; Brenøe et al. 2020, p. 1; Gallen 2018). All NES leave entitlements apply to small businesses (currently defined as those with 15 or fewer employees). In 2020-21, small businesses employed over five million people, making up 42% of employment in the private sector (ASBFEO nd). To exempt small businesses from providing their employees with certain entitlements would deny those entitlements to a significant proportion of the workforce.

An exemption for small businesses would not be in keeping with the NES and lacks a clear evidence base.

### **Evidence requirements for accessing extended unpaid carer leave**

Evidence requirements for carer leave already exist in the NES and could apply to an entitlement to extended unpaid carer leave. While the Fair Work Ombudsman does not provide an exhaustive list of the types of evidence that are acceptable, examples provided include medical certificates and statutory declarations. Otherwise the evidence must be able to convince a reasonable person that the employee was genuinely entitled to carer leave (FWO 2023f).

In the case of extended leave to provide care for an older person, options include:

- a carers card or receipt of the Carer Payment or Allowance
- a disability assessment
- a home support or comprehensive assessment
- a medical certificate.

There is some concern about an evidence requirement for carers where it would rely on the willingness of the care recipient to obtain and provide evidence for their care needs, or where it might require the disclosure of

private and medical information about the care recipient (Carers NSW, sub. 20, p. 11). Concerns were also raised about the medicalisation of evidence requirements as care needs can frequently be non-medical, such as transport, translation or social support. The deliberately broad definition of evidence already in use would allow carers to avoid this concern by allowing the use of a variety of different evidentiary documents.

## Establishing an entitlement

Some participants questioned whether an entitlement could be established as a right to request rather than a statutory right which cannot be denied by the employer (Carers Australia, sub. 51, p. 9). Several employer groups noted the value of negotiation between employers and employees that occurs with 'right to request' type entitlements as they promote cooperation and mutual benefit (ACCI sub. 35, pp. 4-5; Ai Group, sub. 34, p. 7; Chamber of Commerce and Industry Queensland, sub. 16, p. 4).

Currently, all employees can request to take unpaid leave but there is no onus on the employer to respond to requests. Creating a 'right to request' type entitlement for extended unpaid carer leave would have the additional benefit of creating some onus on the employer to consider and respond to the request and potentially a right for the employee to appeal any denial of the leave if the entitlement were to follow suit with the recent reforms to the right to request flexible working arrangements.

Designing an entitlement to extended unpaid carer leave as a right to request would formalise the process by which employees can request leave but would provide significant scope for employers to deny access to the leave. It is unlikely that this type of entitlement would provide greater access to leave than what is already available through the informal arrangement of unpaid leave between employees and employers.

By comparison, a statutory right to extended unpaid carer leave would provide greater access to leave than that which is currently available.

The key aspects of a model entitlement of extended unpaid carer leave and the rationales behind the design features are set out in table 2.

**Table 2 – A model for an entitlement to extended unpaid carer leave to care for an older person**

| Features                           | Specification   | Rationale  |
|------------------------------------|---|--|
| <b>Leave period</b>                | <ul style="list-style-type: none"> <li>Up to 12 months</li> <li>Minimum of 1 month</li> <li>To be taken in one block</li> <li>Minimum of 12 months between leave periods</li> </ul> | <ul style="list-style-type: none"> <li>A 12 month entitlement captures most carer needs which are likely to elicit extended leave taking</li> <li>A minimum duration of leave would prevent short-term leave taking (which can be costly to employers)</li> <li>12 months between leave periods promotes workplace attachment</li> <li>Early return provisions cater to changes in employee circumstances</li> </ul> |
| <b>Notice period before leave</b>  | <ul style="list-style-type: none"> <li>4 weeks or as soon as possible</li> </ul>  | <ul style="list-style-type: none"> <li>Reduces cost to employers by giving them time to plan while allowing for the sudden onset of care needs</li> </ul>  |
| <b>Notice period before return</b> | <ul style="list-style-type: none"> <li>4 weeks unless a shorter period is agreed by the employer</li> </ul>   | <ul style="list-style-type: none"> <li>Reduces cost to employers by giving them time to plan while allowing for the sudden reduction in, or cessation of, care needs</li> </ul>  |

| Features                    | Specification  | Rationale  |
|-----------------------------|--|--|
| <b>Eligibility</b>          | <ul style="list-style-type: none"> <li>Ongoing employees and regular casual employees with at least 12 months of service with an employer</li> <li>Applies to employers of all sizes</li> </ul>  | <ul style="list-style-type: none"> <li>Similar to parental leave</li> <li>12 months service prior to leave promotes workplace attachment and increases the likelihood of a return to work</li> </ul> |
| <b>Purpose</b>              | <ul style="list-style-type: none"> <li>To provide care for an older immediate family or household member</li> <li>'Older person' defined as 65 years and over, or 50 years and over for Aboriginal and Torres Strait Islander people<sup>11</sup></li> </ul> | <ul style="list-style-type: none"> <li>Consistent with carer leave in the NES</li> </ul>   |
| <b>Evidence requirement</b> | <ul style="list-style-type: none"> <li>Must be able to convince a reasonable person that the employee is genuinely entitled to the leave (for example, by providing a medical certificate, statutory declaration or assessment report)</li> </ul>            | <ul style="list-style-type: none"> <li>Consistent with other NES entitlements</li> </ul>   |



#### Finding 1

#### An entitlement to extended unpaid leave for carers of older people should be designed to maximise the net benefits to the community

The design of an entitlement to extended unpaid leave for carers of older people should be guided by the objective(s) of an entitlement, evidence about the costs and benefits and likely impact of different design features and the need to avoid (or at least reduce) potential undesirable consequences.



#### Finding 2

#### A model of extended unpaid carer leave, aligned to existing standards

The design features of the Commission's 'model' entitlement of extended unpaid leave for carers of older people are:

- unpaid leave for 1–12 months (with the employee to specify the duration at the outset) with access to another period of leave 12 months after the last use
- a notice period of four weeks, or as soon as possible
- available to employees with at least 12 months of continuous service
- applied to businesses of all sizes and to regular casual workers
- evidence requirements in line with other National Employment Standards.

<sup>11</sup> The aged care system also provides some support to people who have prematurely aged. That is, people aged 50 years or over or 45 years or over for Aboriginal and Torres Strait Islander people whose life course, such as active military service, homelessness or substance abuse, has seen them age prematurely.

## 6. Assessing the potential effects of an entitlement

### How many employees would use an entitlement?

The Productivity Commission estimates that, in total, between 7,000–17,000 employees would use the entitlement to extended unpaid carer leave each year (box 13). This equates to between 3% and 7% of the population of working-age carers of older people. The low expected uptake reflects the fact that most employed carers of older people would prefer to continue working while providing informal care and many employed carers have access to carer-friendly workplace entitlements that allow them to balance work and care (appendix D).

#### Box 13 – How we estimated the potential uptake of extended unpaid carer leave

Demand for extended unpaid carer leave was inferred from two data sources.

- ABS Survey of Disability, Ageing and Carers 2018 (SDAC)
- Household Income and Labour Dynamics in Australia Survey (HILDA, waves 5 to 20).

To estimate the number of potential leave takers using historical data, it was necessary to make a distinction between two types of potential leave takers.

- People who continued in paid work when there was no entitlement, but who would instead have taken extended unpaid carer leave if there was an entitlement.
- People who quit their job when there was no entitlement but would have instead taken extended unpaid carer leave if there had been an entitlement.

#### People who were working and would have taken up an entitlement

The Commission used the 2018 SDAC to estimate the number of people who continued in their jobs but would have used the entitlement if it had been available in 2018.

Responses to the 2018 SDAC, scaled to the Australian population, indicate that about 4,000 carers and 4,000 non-carers would have liked to have made more use of unpaid leave in the previous year to help care for someone aged 65 plus. We reasoned that those who were already carers would have been more likely to take extended unpaid carer leave. It is difficult to think of circumstances in which someone who was not already a carer would have taken extended unpaid carer leave other than if they lived too far from the older person to be their carer but would have temporarily relocated to be their carer if they had taken extended unpaid carer leave.

Based on this, we took 4,000–8,000 to be the number of people who continued working but would have used the entitlement if it had been available in 2018, with a mid-point of 6,000.

#### People who quit their jobs but would have taken up an entitlement instead

The Commission used the HILDA survey (over the years 2005 to 2020) to estimate the number of people who quit their jobs in 2018 but would have used the entitlement were it available.

### Box 13 – How we estimated the potential uptake of extended unpaid carer leave

Responses to these HILDA surveys, scaled to the Australian population, indicate that in 2018:

about 9,000 employees were the main carer of a person aged 65 plus and voluntarily ceased working in their job for any reason other than: pregnancy, migration to a new country, because they were not satisfied with the job or because they wanted a better job

about 3,000 employees were the main carer of a person aged 65 plus and voluntarily ceased working in their job 'to stay home to look after children, the house or someone else', suggesting that they quit their job because of their caring responsibilities. These people are the most likely to have taken extended unpaid carer leave as they would have had their caring responsibilities front of mind when deciding to quit their job.

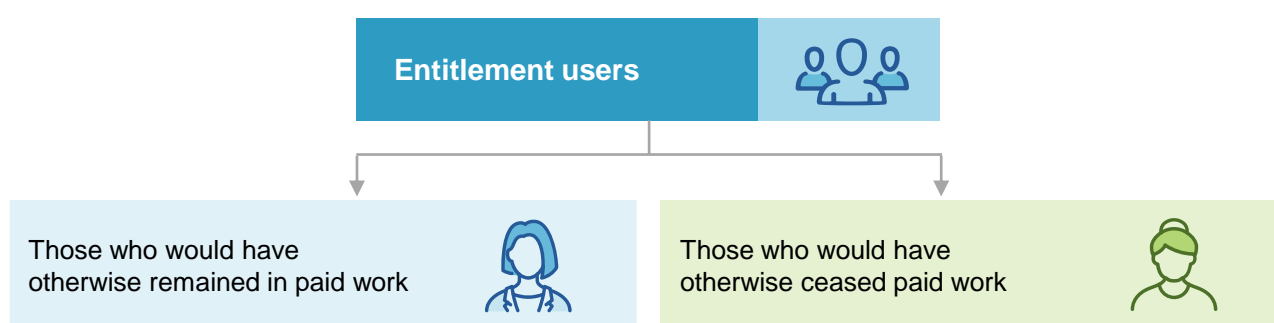
Based on this, we took 3,000–9,000 to be the number of people who quit work but would have used the entitlement if it were available in 2018, with a mid-point of 6,000.

#### Overall estimates

Combining the two sets of estimates (of employees who continued to work and those who quit their job) gives a range of between 7,000 and 17,000 and a mid-point of 12,000 potential leave takers in 2018. This is equivalent to about 5% of working-age carers of older people, and less than 0.1% of all Australian workers. And as about half of the employees who would use the entitlement would have left their jobs to provide care if they could not take extended leave, only about 6,000 annual users of the entitlement would provide additional care because of the entitlement.

Two main groups of employees would use an entitlement to extended unpaid leave to care for an older person (figure 9).

**Figure 9 – The two groups of entitlement users**



Historical data suggests that about half of the entitlement users would continue working in their job in the absence of an entitlement, while the other half would cease paid work. And overall, about two thirds of entitlement users would exercise their right to return to their job (about one third would take leave but not return). Appendix D provides details on the characteristics of potential entitlement users.

The estimates are presented as a range and are uncertain. Several other factors make the future uptake of an entitlement even more uncertain.

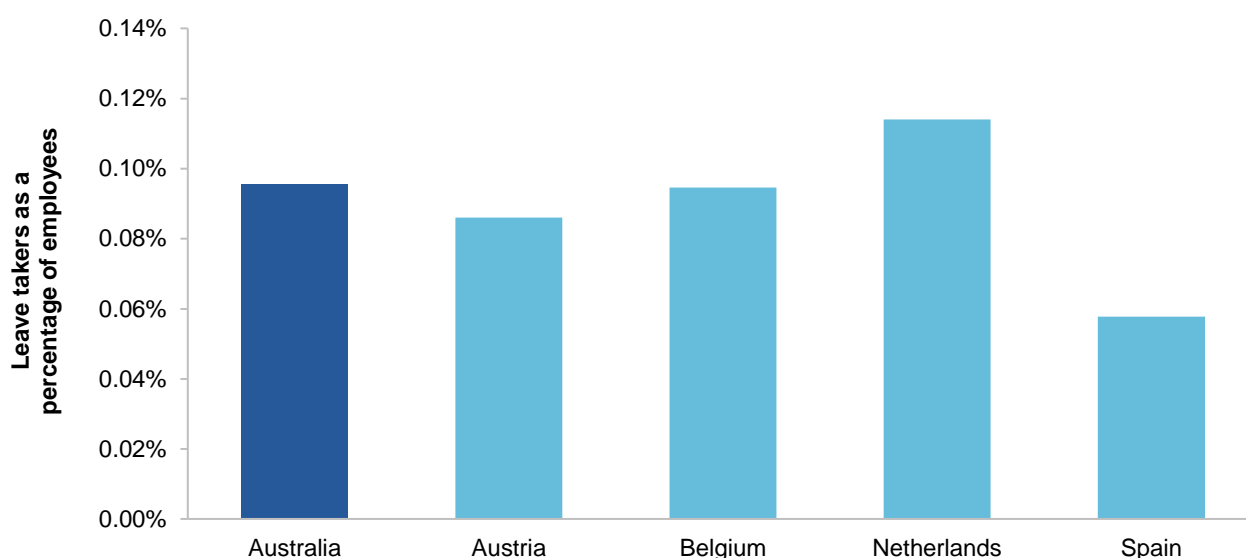
- Long-term demographic changes (if they continue) suggest that a larger share of the workforce could use the entitlement in the future. As the population has aged, workforce participation among people (especially women)

aged over 50 has increased and, at the same time, the age that people have children has increased. These factors all point to more demand for informal care of older people falling on people in paid work.

- Post-2018 changes to workplace practices and regulation could reduce use of an entitlement. As discussed earlier, since the COVID-19 pandemic, many more people have access to home-based work and may allow them to better balance work and care and reduce the need for extended unpaid carer leave. The upcoming changes to the right to request flexible working arrangements may also have a similar effect (box 7).
- Uptake of the entitlement may be limited by workplace culture and culture changes slowly. Employees may be reluctant to make use of an entitlement if they fear that doing so will have consequences for their career. For example, the Women Lawyers Association of Queensland used a survey to inform its submission to this inquiry, and 25% of respondents indicated that they had not disclosed their caring responsibilities to their employer and cited ‘the stigma of taking time off work’ and ‘limited career progression’ as barriers to using carer leave (sub. 4, pp. 5-6).

There is a paucity of data on the employees in other countries who take up unpaid leave or who return to their jobs at the conclusion of their period of leave (Rocard and Llena-Nozal 2022). That said, for those jurisdictions for which data about the take up of unpaid leave is available, the estimates for Australia are comparable with those of other countries (figure 10, appendix B).

**Figure 10 – Estimated uptake of leave entitlement, Australia and overseas<sup>a,b</sup>**



**a.** Estimate for Australia is for 2018. Belgium estimate is for private sector employees in 2021. The Netherlands estimate is for 2019. Spain estimate is for 2019. **b.** Proportion of persons estimated to take unpaid leave for at least one month. Excludes carers exercising their right to reduce work hours in Belgium and the Netherlands.

Sources: Productivity Commission estimates based on ABS (Tablebuilder, Survey of Disability, Ageing and Carers, 2018, Cat. no. 4430.0); den Dulk and Yerkes (2022); Eurostat (2022); HILDA (Release 20); Meil et al. (2020); Mortelmans and Fusulier (2022); OECD (2012); Statista (2022a).



## Impacts on employees

An entitlement would benefit the employees who would use it (entitlement users). Most employee and carer representatives were supportive of an entitlement.<sup>12</sup> Noting the inadequacy of the existing entitlements in the NES, participants highlighted the benefits of an entitlement to extended unpaid leave (see also box 9).

Carers Tasmania, for example, said:

We are supportive of the introduction of additional entitlements which may improve the capacity of carers to obtain and/or remain in employment and therefore provide an opportunity for increased financial stability, social connection, and a sense of satisfaction with employment. (sub. 37, p. 5)

The Older Persons Advocacy Network said:

The gift of time to make necessary decisions and adjustments could make a significant difference to each individual carer of an older person who feels stranded and alone at the point of having to choose between work and care. Instead of making a lifechanging decision quickly and with insufficient information, carers could instead be empowered to talk with their employers, their families and most importantly the older person requiring care, about their needs and preferences. Older people, carers and our broader community would all benefit from an entitlement to extended carer leave. (sub. 45, p. 2)

## Impacts on unpaid carer leave users who would remain in paid work in its absence



About half of all entitlement users would remain in paid work in the absence of the entitlement (appendix D).

The impacts on people in this group requires some unpacking. They are expected to benefit from the entitlement, as they would have voluntarily chosen to use it.<sup>13</sup> But in using it they would clearly face a trade-off, as they would sacrifice their income and any non-pecuniary benefits they receive from their job to provide more informal care to a household or family member.

To understand the magnitude of this benefit it is helpful to reframe the issue. The behaviour of people in this group suggests that they would prefer to continue working in their job than to quit their job to provide care. But they would use the entitlement if they had the option, which suggests that they would prefer to take extended unpaid carer leave than to continue working in their job while caring. The benefit to this group is, at most, the amount by which they would prefer to use an entitlement over quitting their job to provide care.

By using the entitlement, they would have a right to return to their job. If they were instead to quit their job, when they decided to return to work they would need to find a new job (or they might return to their old job if allowed by their employer).

The experience of carers who were made involuntarily redundant from their job provides some indication of how people in this group might fare trying to find a new job. Carers who are made involuntarily redundant

---

<sup>12</sup> Australian Education Union (sub. 13); Arafmi Ltd (sub. 9); Carers NSW (sub. 20); Carers Tasmania (sub. 37); Circle Green Community Legal (sub. 11); JobWatch (sub. 17); Shop, Distributive and Allied Employees' Association (sub. 38).

<sup>13</sup> Some could feel that their choice was the result of societal or familial expectations rather than personal desire, and some participants expressed concern about the effects an entitlement would have on this group – Lived Experience Australia Ltd (sub. 1); Health Services Union (sub. 19); Australian Services Union, Victorian and Tasmanian Branch (sub. 30).



have recent work experience, a desire to work, and are not out of a job because of misconduct (they were not dismissed) – all characteristics of people in this group.

Between 2005 and 2019 (a period that covers a diverse set of labour market conditions), 60% of people who had recently cared for an older person had found a new job around six months after being made involuntarily redundant, 20% were unemployed and 20% wanted to work but were not actively seeking work (appendix E). And 18 months after being made involuntarily redundant, 70% had found a job, 10% were unemployed, 5% wanted to work but were not seeking work and about 15% no longer wanted to work. Those people who found a new job did not necessarily receive the same pay or work the same number of hours, but typically reported being no less satisfied with their old job than they were with their new job.

## Impacts on unpaid carer leave users who would cease paid work in its absence



The impacts on entitlement users who would cease paid work in its absence are more straightforward. The entitlement would facilitate an easier return to work for people in this group, should they want to return to work.

To understand the magnitude of this benefit, we examined the subsequent work outcomes and preferences of carers of older people who quit their job between 2005 and 2020 and considered how this would likely have changed if they had instead taken extended unpaid carer leave (appendix D). This analysis suggests that only about 25% of entitlement users who would cease paid work in its absence would exercise their right to return (75% indicated that they did not want to work).

The question then is how would an entitlement to unpaid carer leave help the 25% who would exercise their right to return? The same analysis suggests that 75% of those who would exercise their right to return would find a new job in the absence of the entitlement, so for them the entitlement would mean a faster return to work. The remaining 25% would not find a new job in the absence of the entitlement, suggesting larger benefits.

## Wider impacts on employees

The entitlement would have three other notable impacts on employees, one positive and two negative.

- On the positive side, it would benefit more employees than those who use it. The future is uncertain, so many employees are unsure about whether one day they will want to take extended unpaid carer leave. Having the option to take it could provide some peace of mind.
- On the negative side, an entitlement would impose costs on employers (discussed later), and employers could pass some of these on in the form of reduced employment opportunities and lower long-run wage growth (appendix F). They may also pass the costs on to their customers through price increases. This effect would be small, however, given the small number of entitlement users.
- The entitlement could also impose costs on entitlement users' co-workers (including managers). For example, they might be required to work more intensively to cover for the entitlement user. Some co-workers, especially those paid a salary, might work additional unremunerated hours. These costs are hard to measure, as administrative records do not usually capture actual hours of work by salaried employees nor work intensity.

## Impacts on care recipients

The entitlement is not expected to have a large effect on the aggregate level of informal care provided to older people. It will not benefit older people whose carers would cease working anyway in the absence of the entitlement (estimated to be about half of all entitlement users). Their care would be largely unaffected by the entitlement, as they would receive full-time informal care (and the benefits of that care) either way.

By contrast, the entitlement will benefit older people whose carers would continue working in the absence of the entitlement (appendix E). Although there is a degree of uncertainty, it is reasonable to assume that the older person would gain access to full-time informal care, when in the absence of the entitlement many would be limited to informal care provided on a part-time basis alongside their informal carer's paid work commitments.

Increasing the amount of informal care could lead to more culturally appropriate and safe care being provided. This is particularly the case for many culturally and linguistically diverse older people who can struggle to find formal care that accommodates them in terms of their language, food and cultural activities. For many Aboriginal and Torres Strait Islander people, informal care means that older people do not have to move away from Country to access aged care services and can continue to contribute to their community, which can benefit the entire community.

Aboriginal and Torres Strait Islander Elders play a crucial role in community including preserving traditional knowledge and language, building inter-generational relationships, strengthening social cohesion and community resilience and helping to tackle community issues including health, education, racism and oppression. (NACCHO, sub. 5, p. 5)

Some older people may also experience anxiety over letting people they do not know into their homes over fears of discrimination or having to continually educate care workers. As stated by LGBTIQ+ Health Australia:

Within LGBTI populations, informal carers can provide more culturally safe care and help maintain essential social and community connections. Many LGBTI people experience isolation, especially throughout the COVID pandemic, and fear loss of contact with community members who will instinctively understand them without the need for continual explanation or education. (sub. 22, p. 2)

While policymakers should increase efforts to make culturally safe formal care available, informal care is an important option for people who are concerned about the care provided in formal settings.

## Impacts on employers

As with any workplace entitlement, an entitlement to extended unpaid carer leave would impose costs on employers. Employer representatives highlighted some of these costs. And as discussed earlier, they argued that greater use of flexible working arrangements would be a more effective solution to helping employees undertake long-term caring responsibilities (box 14).

### Box 14 – Employers highlight the costs of an unpaid leave entitlement

Employer representatives argued that an entitlement to unpaid extended carer leave would impose costs on employers, be of limited benefit to working carers, and that the existing provisions in the National Employment Standards were adequate for supporting working carers.

The Chamber of Commerce and Industry Queensland commented that its internal records have not reported any member enquiries seeking advice to respond to employees seeking time off work for providing care and support to an aged or frail person. (sub. 16, p. 3).

The Ai Group said:

Given that the vast majority of caring arrangements extend beyond 2 years in a wide variety of circumstances, employed carers need flexibility in the labour market rather than withdrawing from paid employment for extended periods on unpaid leave. This is best facilitated through the [Fair Work] Act's right to request flexible work arrangements which currently makes employees who meet the definition of a carer in the *Carer Recognition Act 2010* (Cth) eligible to make such requests.

The regulatory effect on employers is an important consideration with an obligation to provide an extended leave entitlement attracting a range of compliance and productivity costs, not to mention the difficulty in sourcing replacement employees with equivalent skills. (sub. 34, p. 3)

And the ACCI said that:

the existing entitlements are adequate for undertaking short-term informal caring responsibilities;  
a new entitlement will be financially and administratively burdensome for businesses, and the negative impacts on businesses would exceed any societal benefits; and  
improving flexibility in the workplace relations system and empowering employers and employees to agree to a flexible arrangement is a more effective solution for enabling employees to undertake longer-term informal caring responsibilities. (sub. 35, p. 4)

The Australian Small Business and Family Enterprise Ombudsman submitted that an entitlement to extended unpaid carer leave would 'present a disproportionate impost on the small business sector' as '[s]mall businesses do not have the resources of their larger counterparts to rapidly absorb changes in workforce availability' (sub. 26, p. 1).

The Australian Retailers Association indicated in-principle support for 'flexible leave arrangement[s] to enable carer leave' (sub. 14, p. 2), but proposed a model that would minimise the costs to employers (pre-determined and definite leave timeframe, unpaid, limited to care of older family members in the home, small businesses exempt, and in-concert with an award modernisation process).

If an employee took extended unpaid carer leave, their employer could handle their absence in a range of ways. Some examples include:

- replacing the employee, either by hiring a new employee (possibly on a temporary basis) or having existing employees work additional hours. Both options could be worse for the employer than if the employee had continued working. Hiring new staff involves hiring and training costs, and they could be less productive (at least in the short term) than the entitlement user because of disruption and

inexperience. And there are costs involved in revising work schedules and tasks, and in getting existing staff to work additional hours, especially if the latter involves paying overtime

- getting a service provider to complete the employee's tasks during their absence (for example, using an accounting firm to undertake an in-house accountant's duties for a period)
- choosing not to replace the employee and accept a saving in wages and a reduction in output. This would also usually make the employer worse off than if the employee had continued working, because the value of employees' output usually exceeds their wages (this is why they were employed in the first place).

Experience with leave entitlements overseas suggests that responses vary with the industry, labour market, and characteristics of the employee taking leave. Where a business has high turnover of relatively unskilled labour, the costs to employers are likely to be low. However, in more specialised businesses that rely on highly skilled staff, they could be higher.

A factor that would drive employer responses and costs is employers' perception of their ability to manage the uncertainty about whether the entitlement user is likely to exercise their right to return. Incorrectly assuming an entitlement user will not return could be costly, because a new position would need to be found for them when they unexpectedly return. Likewise, incorrectly assuming an entitlement user will return could be costly because the employer might find themselves short-staffed when they unexpectedly do not return. With experience, employers are likely to develop strategies, such as keeping in contact with entitlement users while on leave, to help them better gauge whether or not entitlement users will return to their jobs.

That said, this discussion overstates the costs that employers would face, for two reasons.

- First, it assumes that the entitlement user would have continued working in the absence of the entitlement. We estimate that about half of all entitlement users would have ceased working in the absence of the entitlement. In these cases, employers would still need to replace the employee or reduce output. The difference is that, in the absence of the entitlement, the employer would not need to facilitate a right to return. This means they could hire a new employee on a permanent (rather than temporary) basis.
- Second, employers could benefit if workers who would have otherwise left return to their jobs and overall staff turnover rates fall (although we estimate that only about one quarter of employees who would otherwise have ceased paid work would exercise their right to return). And the entitlement might induce a broader boost to employee morale.

Evidence on the magnitude of the costs to employers is scant. Participants provided some qualitative evidence in submissions (box 14) and at the entitlement design roundtable. And we are not aware of any studies of the costs to employers of similar entitlements in Australia.

The limited available evidence comes from studies of paid parental leave entitlements (taxpayer-funded, so unpaid from employers' perspective) in other countries (appendix E). Studies of relatively unexpected increases to parental leave of 1–3 months found evidence of significant costs to employers, while studies of parental leave itself (typically a longer duration and taken with more notice) do not find evidence of costs to employers. The former studies are probably more reflective of the effects of extended unpaid carer leave, as it would typically be taken with much less notice than parental leave, and, as noted earlier, experience from abroad suggests an average extended unpaid carer leave duration of around 2–3 months.

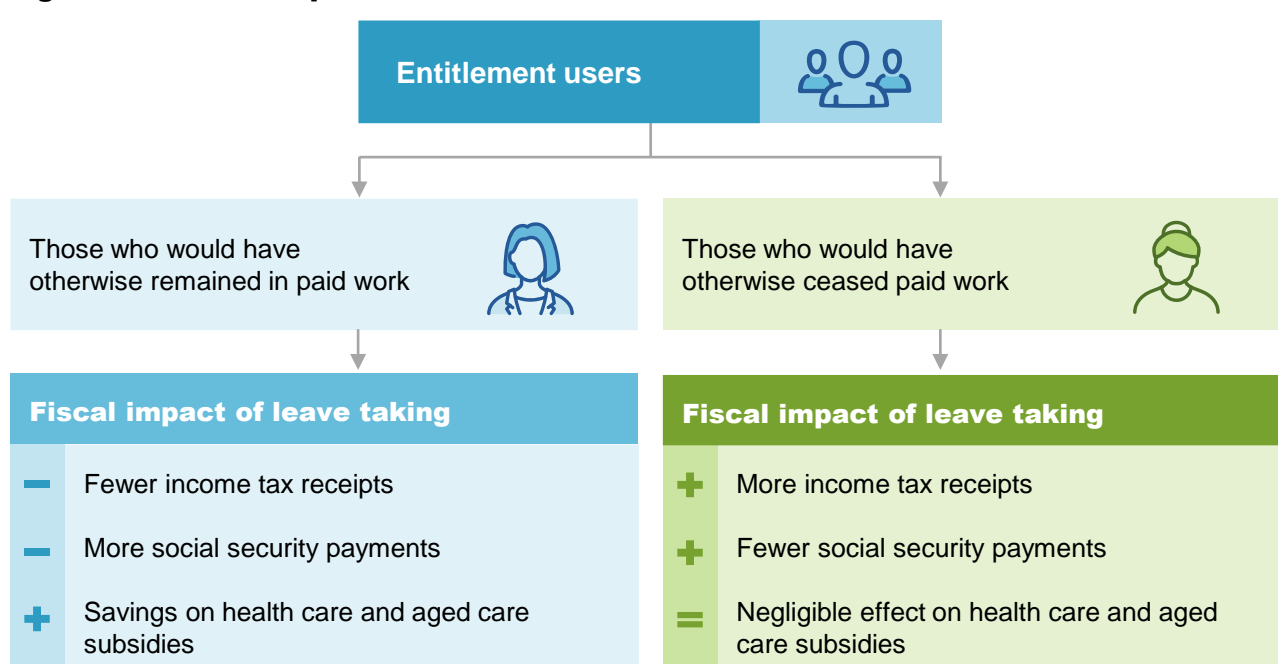
## Impacts on taxpayers

An entitlement to extended unpaid carer leave would have mixed impacts on taxpayers. These would differ between those who would, in the absence of the entitlement, remain in paid work and those who would cease paid work (figure 11).

Entitlement users who would otherwise remain in paid work would temporarily cease paid work to provide more informal care. This would:

- reduce income tax receipts, as they would undertake less paid work
- increase social security spending, as some would become eligible for the Carer Payment
- slightly lessen the pressure on subsidised formal aged care and health care (a fiscal benefit), as informal care slightly substitutes for these services in the aggregate (Bergeot and Tenand 2021; Bonsang 2009; Charles and Sevak 2005; Lo Sasso and Johnson 2002; Van Houtven and Norton 2004; Weaver and Weaver 2014).

**Figure 11 – Fiscal impacts of the entitlement**



And some entitlement users who would otherwise cease paid work would return to work faster than they otherwise would (if at all). This would:

- increase income tax receipts, as they would undertake more paid work
- reduce social security spending, as they would spend less time on the Carer Payment or JobSeeker payment.

While in aggregate these impacts would be small, our analysis suggests that the net fiscal impact would probably be negative, in the order of hundreds or low thousands of dollars per leave-taker (appendix E). This is because lower tax receipts and higher welfare payments are unlikely to be offset by reduced expenditure on formal care for older people. But this estimate is subject to uncertainty, as many of the relevant parameters are hard to estimate.

## The long-run costs are unlikely to be evenly shared across the economy

While the short-run costs of an entitlement would fall on businesses, it is expected that over time employers would incorporate these costs into their practices around recruitment, remuneration of employees and pricing

of their products (appendix F). In the long term, the costs of the entitlement are likely to fall on workers in industries where use of the entitlement is more common, particularly on groups of people perceived as being likely users of the entitlement. As such, there is a risk that an entitlement might give rise to adverse consequences for the same people that it is intended to benefit.

The response from businesses is likely to be small given the small number of employees who are expected to use the entitlement. But even if the costs to business are small, they are likely to be passed through to workers in two main ways – hiring practices and wage growth.

## **Employers could avoid hiring or promoting potential entitlement users**

A number of participants raised concerns that, while there are Commonwealth, State and Territory anti-discrimination laws, there is still the potential for the entitlement to have negative effects on the recruitment and career progression of women. Merri Health said:

Carers worry about hiring discrimination and highlight the need for carers to know their employment rights. Merri Health staff suggest hiring discrimination against carers may be more likely to occur in industries which have demonstrated hiring discrimination against parents, due to carers appearing to be needing more time off work and flexibility versus employees without caring responsibilities. (sub. 18, pp. 9–10)

The *Fair Work Act 2009* (Cth) prohibits discrimination against employees on the basis of their family or carer responsibilities (s. 351(1)) and provides the Fair Work Ombudsman with authority to investigate allegations of unlawful workplace discrimination (s. 682(1)). However, some employers might feel pressure to find ways to minimise the costs arising from the entitlement. And there is some evidence that maternity benefit and parental leave affect the employment, salary and promotion opportunities of young women (Ginja, Karimi and Xiao 2023, p. 132; Gruber 1994, p. 639). An extended unpaid leave entitlement could also reinforce existing gender bias, particularly for women over 45 years of age, because they are most likely to take unpaid carer leave.

But again, the negative effects are likely to be small given the small proportion of all employees expected to take extended unpaid leave, although as noted earlier, this could change with population ageing and increased demand for informal carers.

## **Long-run wage growth may be lower in the industries where leave takers work**

The costs to businesses of employing a worker would be indirectly increased by the costs of implementing the entitlement and the costs incurred when an employee uses the entitlement. These additional costs are likely to be passed on in the long run to employees through lower wage growth (Summers 1989) or to consumers through higher prices.

The effect on wage growth occurs over the long term, as employers take time to recoup increased costs through reduced wage growth (partly because minimum wages would maintain wage growth in the short term for those whose pay is set in an award). The extent to which costs are passed on to employees can vary depending on the extent to which employees value the intervention.

Several studies show a positive correlation between the benefit a measure provides to an employee and how much of the cost gets passed through to them. This outcomes accords with economic theory, assuming workers place a higher value on measures that more directly benefit them (Coates, Mackey and Cowgill 2020). There is little evidence that employees place a higher value on an unpaid carer leave

entitlement (which they may not use) than a wage loss, which suggests that the passing of costs through reduced wage growth may be limited.

The long-run costs of the entitlement are most likely to fall on other workers in the firms and industries where leave takers work, rather than being shared equally across the economy. This means that the decision to provide care may have spillover effects on others, and these could exacerbate existing inequality. That is, workers in low-paid industries or workers in female-dominated occupations could be made worse off by paying for an entitlement to extended unpaid carer leave that many will not use. The size of this long-run effect will depend on factors such as the size of costs to business, the extent to which costs are passed through, and the number of entitlement users in a firm/industry.

The sharing of long-run costs in this way compares unfavourably to other policies to support carers (like financial support and government-funded services) where the costs are supported by general government revenue and shared more evenly across the economy.

## Overall impact

An unpaid leave entitlement would give all employees the option of an approved absence from work to provide more care to their older relatives. Care recipients would benefit from greater levels of care from a family member. More care provided by a relative could also mean a higher quality of care. Trusting relationships between caregivers and care recipients are highly important to good outcomes and continuity of care.

Consistent with international experience, we estimate that only a small number of people would use an entitlement to extended unpaid carer leave. This reflects that a majority of carers of older people are no longer working or intending to return to work, and for those who are working, the majority would prefer flexibility to better manage care and work commitments. While the number of likely users is small in total, for those who would use an extended unpaid carer leave entitlement, the policy would clearly be of benefit to them and those they care for.

That said, an entitlement for unpaid leave for carers of older people would also have costs, particularly for employers. There would be additional costs to replace an absent worker, there might be additional wage costs, additional administrative burden and potentially lower productivity for those businesses impacted. The limited evidence, mainly from parental leave, suggests these costs could be material for those businesses affected. In aggregate though, and at the economy level, these costs would be small.

An entitlement would also have implications for taxpayers. There would be lower tax receipts and potentially higher welfare payments in the form of carers allowance, payments or supplements. Again, in aggregate these impacts would be small, but expected to be a net negative for the budget as lower tax receipts and higher carer payments would not be offset by a reduced need for formal care for older people.

As well as older people needing informal care, the other people who would benefit from an unpaid carer leave entitlement are employees for whom it would reduce the costs of searching for a job after an extended absence and the risk of under or unemployment after an extended absence. It could also maintain their connection to the workplace while they are caring.

But weighing up all the costs and benefits is difficult. Some benefits and some costs are non-monetary and so are inherently difficult to quantify (such as the benefit of additional informal care to older people) while others can be quantified but they are hard to measure (such as the costs to employers). Based on the limited evidence on the quantifiable costs and benefits, the net benefits to the community would be modest at best and could be negative (appendix E).



The high degree of uncertainty itself counts against an entitlement to extended unpaid carer leave. Other ways of supporting carers, such as income support payments (section 8) have more transparent impacts.

The Commission did not find a strong case for amending the National Employment Standards to establish an entitlement to extended unpaid carer leave.



### Finding 3

#### **Extended unpaid carer leave in the National Employment Standards would have few positive impacts, and pose some costs**

Adding an entitlement to 1–12 months extended unpaid carer leave to the National Employment Standards is an option that could help support informal carers of older people to juggle expectations and demands of paid work and care. The number of carers who would benefit would be small and the net benefit to the community would be modest at best.

- Extended unpaid leave would not substantially increase the number of informal carers or the workforce participation of carers, or reduce the demand for formal care.
- The benefit to carers would be limited. Unpaid leave comes at a very high personal cost and most carers prefer flexible working arrangements.
- An entitlement would impose costs on employers and these could be passed onto employees in the form of lower wage growth and reduced employment opportunities.
- An entitlement to extended unpaid carer leave would improve equity among carers of older people who require 1–12 months leave to care, but it would not improve equity across caring situations (such as where employees require leave for episodic care or for more than 12 months).
- An entitlement to extended unpaid carer leave is likely to reinforce unequal sharing of caring responsibilities between women and men (although the effects would be small given the low number of carers expected to take up the entitlement).
- Upcoming changes to the flexible working arrangements provisions of the *Fair Work Act 2009* (Cth) are expected to make it easier for carers to negotiate flexible work, perhaps obviating the need for extended unpaid carer leave.

## **7. An extended unpaid leave entitlement for other carers?**

The Commission was asked to consider whether extended unpaid carer leave should also be available to employees providing care to people with disability or illness. Answering this question requires information about the nature and intensity of caring responsibilities of ‘other carers’.

There are roughly the same number of ‘other carers’ as there are carers of older people – about 425,000 primary carers of people aged under 65 in 2018. About 125,000 were caring for people aged under 15 years and 300,000 caring for people aged 15 to 64 years.

The most common conditions for people receiving care are ‘mental and behavioural disorders’.



Using the method outlined in box 13, the Productivity Commission estimates that between 11,000 and 15,000 carers could take up an extended unpaid leave entitlement to care for someone under 65 years. Of these, about 7,000 were employed in 2018 and expressed an interest in taking unpaid leave to provide care for someone aged under 65. Another 4,000 to 8,000 had left employment while providing care. They were either employed and expressed an interest in taking unpaid leave, or had left employment to care.

Some of the arguments in favour of providing an entitlement to extended unpaid leave to other carers are similar to those for an entitlement for carers of older people.

The entitlement could lead to better outcomes for the care recipient. The Commission has previously noted that ‘for some people with mental illness, the support they receive from family and friends is irreplaceable’ (PC 2020, p. 878). The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2022, p. 66) also noted that the best safeguard for people with disability living alone is to have formal care alongside support from family and friends.

An entitlement to unpaid leave would also improve the workforce attachment of some carers of younger people. For example, in the Mental Health inquiry the Commission noted that intensive and episodic care responsibilities can affect a mental health carer’s ability to juggle caring with employment and education (PC 2020, p. 174). For employed working-age primary carers of people with mental illness in 2018, 14% had to leave work for at least three months to provide care (PC 2020, p. 882).

From a practical viewpoint, it is logical to extend the leave entitlement to carers of younger people with disability or illness because many other types of support are available to all types of carers. Paid carer leave, for example, does not factor in the age of the care recipient as long as they are an immediate family or a household member. Similarly, the Carer Payment (and Carer Allowance and Carer Supplement) is not restricted to carers of older people. Importantly, the *Carer Recognition Act 2010* (Cth) is not based on age. It covers carers of older people as well as carers of people with disability, a medical condition and mental ill-health (box 1), as do similar Acts in the States and Territories.

There were divergent stakeholder perspectives on the merits of extending an entitlement to unpaid leave to other types of carers (box 15). Many carer groups supported an extension, while others were more ambivalent, suggesting that different types of carers have such different needs that different types of support would be more appropriate. Employer groups were largely against making extended unpaid leave available to other carers.

### **Box 15 – There are mixed views on extended unpaid leave for other carers**

MS Australia supported an entitlement to extended unpaid leave.

... people do not neatly fit into one sector or another. Caregivers of people with chronic conditions such as MS often must assist in navigating all these systems — often at the same time ... One policy setting change can improve the lives of those taking on the daily care needs of people living with chronic conditions, ill health, age related needs and disability.  
(sub. 8, pp. 5-7)

Dementia Australia said:

... services and support should be needs-based rather than age-based, given that the degree of support required depends on the stage of the condition the care recipient is living with, rather than chronological age ... [T]he onset of dementia can be diagnosed with a

### **Box 15 – There are mixed views on extended unpaid leave for other carers**

variable age range, so ensuring that support is available for carers, regardless of the age of the care recipient, is essential. (sub. 12, p. 19)

Carers Australia said that:

... it makes no sense at all in terms of logic or social justice to confine an entitlement to extended unpaid carer leave to carers of older people, unless the intent is to artificially minimise the number of employees who have access to these provisions, which would be inequitable and overtly discriminatory. (sub. 36, p. 34)

Other participants who supported extending the entitlement to other types of carers included Aged and Community Care Providers Association (sub. 29, p. 6); the Australian Psychological Society (sub. 27, p. 3); Carers Tasmania (sub. 37, p. 19); Circle Green Community Legal (sub. 11, p. 3); Darwin Community Legal Service (sub. 33, p. 2); Incontinence Foundation of Australia (sub. 2, p. 2); Mental Health Carers Australia (sub. 32, p. 1); NACCHO (sub. 5, p. 5) and the Women, Work and Policy Research Group (sub. 28, p. 5).

Lived Experience Australia Ltd said:

... the nature of providing informal care to a person with severe mental health challenges means that the current leave arrangements are quite inadequate and the proposed extended leave arrangements may not match their needs either ... leaving work completely and staying home with the person may not match their need or be in proportion to what is needed either ... different types of carers have sufficiently different needs to warrant different types of supports. (sub. 1, pp. 4, 6)

The Australian Nursing and Midwifery Federation considered that paid and unpaid leave that can be 'accessed in a flexible manner to allow caregivers the option of taking half/part-days to facilitate care responsibilities' is a higher priority than extended unpaid leave for carers of those with disability or chronic illness (sub. 39, p. 16).

The Australian Retailers Association did not support extending the entitlement (sub. 14, p. 2).

Ai Group said extending leave to other types of carers 'would be a radical expansion of current entitlements' (sub. 34, p. 11).

ACCI questioned whether there was evidence of a need for unpaid leave for other types of carers (sub. 35, p. 22).

Just as for carers of older people, carers of people with disability and illness have different needs in terms of length and frequency of leave. This variation means that a relatively defined entitlement to an 'extended period of leave' would be useful in some situations, but not in others. For example, a 12-month unpaid leave entitlement may not fit with the needs of carers of a person with long-term disability – though it might help them to deal with a crisis of limited duration that adds to the usual care needs. Similarly, care needs may be episodic rather than continuous over a defined period. However, carers in those circumstances might still choose to access an extended unpaid leave entitlement if one was available. The diversity of carers and care recipients and their needs therefore need to be taken into account in considering whether an unpaid leave entitlement should be extended to a broader group of carers.

The case to introduce an entitlement to extended unpaid leave for carers of people with disability or illness is similar to the case for creating such an entitlement for carers of older people. Because of this, if there was a decision to amend the NES to include an entitlement to extended unpaid carer leave, then for reasons of equity and administrative simplicity, it would be reasonable to make it available to all carers.



#### **Finding 4**

#### **The case for an entitlement is similar for all carers**

The case to amend the National Employment Standards to include an entitlement to extended unpaid leave for carers of people with disability or illness is similar to the case for an entitlement for carers of older people.

For reasons of equity and administrative simplicity, if the National Employment Standards were amended to include an entitlement to extended unpaid carer leave, it would be reasonable to make it available to all carers.

## **8. How else could carers of older people be supported?**

There is much that can be done to better support all informal carers beyond an extended unpaid leave entitlement. The Royal Commission found the aged care system:

... tends to provide reactive, inadequate and piecemeal support to informal carers. Often, it does not provide even these supports until the strain on a caring relationship has already reached crisis point. (RCACQS 2021d, p. 203)

Participants emphasised that, in addition to leave, carers need access to a wide range of other supports to sustainably continue in their caring role. MS Australia, for example, said:

... the expansion and improvement of other carer supports and services such as the provision of assistive technology, carer payments, carer support, coaching and counselling, carer respite and carer-specific resources, can all make an enormous difference to alleviating the carer burden and enriching the caregiver experience. (sub. 8, p. 6)

Key issues raised by inquiry participants included:

- the adequacy of wellbeing and financial supports for carers
- the availability of quality formal aged care services, including respite care
- low levels of awareness of, and difficulties accessing, flexible working arrangements
- leave entitlements in the NES that do not meet the needs of carers.

### **Wellbeing support**

Informal carers are at a greater risk of experiencing poor health, psychological distress and low wellbeing than the average Australian adult (box 16). When combined, carers' needs for emotional support, improved health, and education and training is the largest reported source of unmet need among carers of older

people (ABS 2019a). Many carers spoke about being exhausted and needing support for themselves so they could continue to care.

I worked 10 times harder as a carer for my mother than I did in any of my professional paid jobs. I was exhausted, burnt out and my health was deteriorating. Now I needed the caring!  
(Merri Health, sub. 18, p. 3)

30% of carers of older people said they felt weary or lacked energy due to the caring role, and 25% said they often felt worried or depressed due to the caring role (ABS 2019a).

### **Box 16 – The impacts of caregiving on health, wellbeing and social connection**

There is a large body of evidence showing an association between informal caregiving and poor physical and mental health of carers. The evidence also shows that the greater the intensity and length of care, the greater the risk of burnout (Perry, Dalton and Edwards 2010; Thorson-Olesen, Meinertz and Eckert 2019) and social isolation (Hajek, Kretzler and König 2021).

In 2022, a survey conducted for Carers Australia<sup>14</sup> found that carers were more than twice as likely to experience low wellbeing than other Australians. The risk of poor wellbeing was higher among carers with more complex, time-consuming or otherwise challenging caring responsibilities (Schirmer, Mylek and Miranti 2022, p. i).

For many carers, the COVID-19 pandemic added pressures. Many found themselves juggling additional care responsibilities and managing delayed or cancelled medical appointments, while having less social interaction due to care recipients being at high risk from COVID-19 (Schirmer, Mylek and Miranti 2022, p. 11).

Caring has been shown to have a negative effect on social connection (van den Berg, Fiebig and Hall 2014). Carers are three times more likely than other Australians to experience loneliness. And 35% of carers said they often or always felt lonely compared to 11% of the general population (Carers Australia 2021). The effects of the COVID-19 pandemic seem to have exacerbated this problem. In 2022 reports of loneliness among informal carers increased from 35% to nearly 40%, with the effects of COVID-19 being particularly profound for carers aged 25 to 44 years (Schirmer, Mylek and Miranti 2022, p. 16).

Various programs offer wellbeing support to carers, including via the Australian Government's Carer Gateway. But many carers do not use support services. In the 2022 Carer Wellbeing Survey, only 29% of participating carers had used psychological support in the previous year (Schirmer, Mylek and Miranti 2022, p. 43). And according to the 2018 SDAC, less than half of informal carers of older people were receiving assistance (ABS 2019b).

Some carers reported that it is difficult to access mental health supports for themselves, such as psychologist and counselling sessions, because of a lack of availability, long wait times and cost (2021, p. 4). However, these barriers are also faced by the wider population (PC 2020, pp. 105, 143). Broader reforms to mental health care will benefit carers. The government is scheduled to conduct an evaluation of the Carer Gateway program in 2023 and is well placed to consider the adequacy of carers' mental health support programs.

---

<sup>14</sup> The 2022 Carer Wellbeing Survey contains responses from 5,992 Australian carers, with findings statistically weighted to be representative of Australia's carers based on information from the SDAC.

Carers also highlighted the importance of wellbeing support being offered proactively rather than when the carer reaches a crisis point (MS Australia, sub. 8, p. 3; NACCHO, sub. 5, p. 6). Part of the challenge is making carers aware of existing supports – in 2018, nearly one quarter of informal carers of older people did not know what services were available to support them (ABS 2019a).

The Royal Commission recommended that, as part of a new aged care system, there should be a single assessment process for the care recipient, and that it should also assess the carer's needs, and be able to refer carers to support services. As part of these reforms, the government should consider ways to streamline the carer's access to Carer Gateway services via the aged care assessment. It should also consider ways to ensure the Carer Gateway is adequately equipped to provide proactive, ongoing and cost-effective support to carers.

A lack of available respite care can also prevent carers from accessing support for their wellbeing (ANMF, sub. 39, p. 11). As discussed below (and in appendix G), increasing the accessibility of respite care is important for helping carers manage their health and wellbeing. The new in-home support program that the government is developing as part of aged care reforms will include a new respite supports category.

## Financial support

Financial support – both in terms of level and accessibility – is one of the most common unmet needs identified by informal carers of older people (ABS 2019a).

In 2018, over 20% of informal carers of older people reported difficulty meeting everyday living costs. 25% said the main financial effect of caring was extra expenses, and a further 18% said the main financial effect of caring was that their income had decreased (ABS 2019a). And in 2022, a survey of nearly 6,000 carers found that they were significantly more likely than the average Australian adult to experience a major financial stress event, and over half of the surveyed carers reported regularly or always worrying about not having enough money (Schirmer, Mylek and Miranti 2022).

Concerns about carers' financial security were shared by participants,<sup>15</sup> with some saying that financial support was a more pressing need than extended unpaid leave. Anglicare Australia, for example, said:

... a legislated right to return to work will be helpful. But having enough money to live on while carrying out caring responsibilities is far more important. (sub. 6, p. 1)

Rates of financial stress are highest for Aboriginal and Torres Strait Islander carers, carers of people with high needs, carers with multiple care responsibilities, and carers of people with terminal illness and/or mental illness (Carers Australia 2021, p. viii).

Participants raised concerns that current income support arrangements were contributing to financial hardship among carers. In particular, some carers suggested that the adequacy of payments, the eligibility criteria and the 'paperwork' involved in accessing the payments were contributing to financial hardship (box 17).

<sup>15</sup> Australian Longitudinal Study on Women's Health (sub. 31); Dementia Australia (sub. 12); Dr Freda Hui-Truscott and Dr Mona Nikidehaghani (sub. 23); NACCHO (sub. 5); Royal Australian and New Zealand College of Psychiatrists (sub. 25); Women, Work and Policy Research Group (sub. 28).

### **Box 17 – Income support for carers: what participants said ...**

Some participants said the level of income support payments for carers is too low.

Many carers rely on access to income support payments, usually the Carer Payment or the Carer Allowance, which often do not meet the high costs of caring for an older person. (NACCHO, sub. 5, p. 7)

In addition to the administrative complexities of applying for carer payments, if they were able to access the income supports, most respondents reported that the carer payment ... did not meet the needs [or] costs involved in providing care. (Dementia Australia, sub. 12, p. 14)

Carer Allowance is less restricted, with no assets test and a much higher household income limit and no restrictions on participation in paid work. However, the payment is very low - \$136.50 per fortnight, about one seventh of Carer Payment and is not designed for income replacement but rather meeting the additional costs associated with care. (Women, Work and Policy Research Group, sub. 28, p. 7)

Some participants said eligibility requirements for income support payments were overly restrictive, preventing carers from getting the financial assistance they need (Carers Australia, sub. 36, p. 28; NACCHO, sub. 5, p. 7; Women, Work and Policy Research Group, sub. 28, p. 7). Carers Australia also said that people are not always aware of the complex eligibility criteria for income support payments until after they have made the decision to cease employment (sub. 36, p. 28).

A number of participants suggested that the process of applying for income support payments is so difficult that it is prohibitive for some carers (Dementia Australia, sub. 12, p. 14; NACCHO, sub. 5, p. 7). The Quality Aged Care Action Group, Aged Care Reform Now and Carers' Circle, for example, said:

... there should be changes to the Carers' allowance to make it easier to access. Our members report that the hourly rate is extremely low and they have to jump through too many hoops to access it. Trying to navigate this bureaucracy while dealing with your loved ones care needs means that many people give up and suffer as a consequence. (sub. 21, p. 15)

The level of income support provided by the Carer Payment is in line with other pensions in Australia. In 2022, the rates of Carer Payment were just below estimated poverty lines for people who do not participate in the paid workforce (Melbourne Institute 2022, p. 1). However, many recipients of Carer Payment also receive Carer Allowance and/or rent assistance, which may bring their income to the poverty line or above it.

In November 2022, the Australian Government announced it would establish an Economic Inclusion Advisory Committee to conduct an annual review of the 'adequacy, effectiveness and sustainability' of government income payments, which is to be published at least a fortnight before each federal budget (Chalmers and Rishworth 2022). In its first review, the Committee did not make recommendations on the income support payments for carers. In the future, however, it is likely to provide an avenue for consideration of, and potential changes to, income support payments for carers (Interim Economic Inclusion Advisory Committee 2023, p. 36).

Some carers expressed concerns that eligibility requirements for income supports were overly restrictive, penalised working carers, and prevented carers from getting the financial assistance they needed. Specific



concerns included that the income and assets tests to receive the Carer Payment were overly restrictive and discouraged carers from remaining in paid employment.

The carer and their partner must meet an income and assets test, which means that if one member of a couple took unpaid leave, they would only be able to draw on Carer Payment if their partner was on a low income and if they had low household assets. Currently a couple may only earn \$336.00 per fortnight before the taper rate begins to reduce the value of the fortnightly payment. (Women Work and Policy Research Group, sub. 28, p. 7)

... partnered carers have less access to the Carer Payment as it is means tested against a spouse or partner's income. (Carers Australia, sub. 36, p. 28)

A common concern was the '25 hour rule', which limits carers who receive the Carer Payment to work, study or volunteer for a maximum of 25 hours a week (including travel time). Some participants argued that these requirements discourage carers from remaining in the paid workforce while caring (Merri Health, sub. 18, p. 11; NACCHO, sub. 5, p. 7). In the *Mental Health* inquiry, the Commission said that 'the 25 hour rule should not continue in its current form' and that the 'costs of preventing a mental health carer willing and able to invest in their education are difficult to justify' (PC 2020, p. 920). This also applies to carers of older people. The Commission recommended replacing the 25 hour per week restriction on work, study and volunteering with a 100 hour per month restriction on work only (PC 2020, p. 922). More broadly, it found that:

The existence of a Carer Payment, Carer Allowance and Carer Supplement that all achieve similar objectives, but have some arbitrary differences in eligibility, contributes to an income support system that is complex and not well understood by carers. (PC 2020, p. 921)

In the next review of government income support payments, the Economic Inclusion Advisory Committee should also consider the ways in which the eligibility requirements and complexity of having multiple payments may be contributing to carers' economic disadvantage.

## Access to formal care

### Formal care helps to make caring sustainable ...

Some carers said they were unable to work, or work as much as they would like, because they were not able to get the help they needed from formal care. Access to high-quality formal aged care services would give carers more choice about undertaking their caring role (box 4). Carers Australia said:

... the support measures needed most by both employed carers and carers not in the workforce is affordable, substitute care of sufficient quality and quantity to enable carers to choose how they spend their time away from caring. (sub. 36, p. 30)

Quality respite allows carers to take a break which is important for carers' emotional wellbeing and physical health, both of which can be adversely affected by caring (box 16). It can also give carers time for self-care, help address social isolation and loneliness, and enhance autonomy and independence (RCACQS 2021d, p. 208). Where respite helps carers to maintain their health, it may also help them to provide better care and return to work, as women with better physical health while still caring are more likely to take up work when they are no longer providing care (Berecki-Gisolf et al. 2008).

Access to physical assistance and respite care were two supports commonly identified by carers as lacking. In 2018 about 14% of carers of older people said they needed more physical assistance, and 12% said they

needed more respite care. Only about 55% of informal carers of older people said they had a fall-back informal carer they could get help from (ABS 2019a).

Inquiry participants emphasised the importance of access to replacement care.

Access to timely adequate and appropriate formal care services, including services and supports that provide replacement care while a carer is participating in employment, is a key component of supporting carers to maintain employment and continue caring. (Carers NSW, sub. 20, p. 23)

Most help to me would be being able to access respite care and support. I work near full time hours as the sole income earner, I study full-time, have kids and I'm a full-time carer for my husband. I am running on empty. (Australian Nursing and Midwifery Federation, sub. 39, pp. 11–12)

More detail on formal care arrangements, including respite care, is available in appendix G.

### **... but it is not always accessible when required**

Carers can face barriers to accessing formal services, even if the range of available services would meet their support needs. One reason for this is that the aged care system can be difficult for carers and care recipients to navigate. And carers who cannot understand the system can miss out on needed support.

Another barrier to accessing care is that some carers either do not self-identify as an informal carer or, as discussed earlier, are not aware of the supports available to them.

Carers may also feel that asking for help is an admission of a failure to care, or failing to meet family expectations (FECCA 2015, p. 24). The concept of 'respite', for example, can resonate differently in diverse cultural contexts. About 87% of informal carers of older people in 2018 had never used respite services, with most saying that they did not need nor want respite (ABS 2019a). This is despite a general acceptance that respite is necessary for carers to combine work with caring and to maintain the mental and emotional wellbeing of carers (which could also affect carers' return to work in the longer term). Culturally and linguistically diverse carers and care recipients can also have difficulty accessing culturally appropriate formal services.

Lengthy delays are another barrier to accessing formal care. For home care packages, the median time between approval and being assigned a package was eight months for those assessed as needing Level 2 or 3 packages in 2021-22 (SCRGSP 2023). On 31 December 2022, almost 40,000 people were waiting for a home care package at their approved level (DHAC 2023b, p. 9).

Even though there are limits on how much informal care can be a substitute for intensive formal care, many informal carers feel obliged to act as a stop-gap for older Australians while they wait to receive formal aged care services. The Older Persons Advocacy Network, for example, said:

Currently the long waiting list for home care packages, and the adequacy of these packages mean that additional caring supports are required from family, friends, families of choice. (sub. 15, p. 2)

And Merri Health:

Aged care package adjustments aren't agile enough to keep up with the fluctuating care needs of elderly people. (sub. 18, p. 11)



While a care recipient is waiting for the approved level Home Care Package, they are unlikely to be receiving all the care they need. This can precipitate a further decline in the care recipient's health and wellbeing and an escalation of their care needs. It can also increase the burden placed on their informal carers (affecting their health and wellbeing) and increase the likelihood that care recipients need to be admitted to residential care or hospital (RCACQS 2021d, pp. 183–184).

Participants also reported difficulty accessing respite care. The Quality Aged Care Action Group, Aged Care Reform Now and Carers' Circle said that 'access to good quality, timely and local respite through residential care is virtually impossible' (sub. 21, p. 17). One of the most common concerns raised about respite was that it is often not available when carers need it, or it is not available in a setting that meets the preferences of carers and care recipients (such as in-home respite rather than respite in a residential care facility) (RCACQS 2021a, p. 66).

The most common difficulty is access to flexible respite at times that suit the informal carer who may want to attend their own appointments or to just have a break. In the current environment of support worker availability the informal carers have to work around availability of those workers. (Merri Health, sub. 18, p. 12)

## **Improvements to formal care will also support informal carers**

Substantial reforms to Australia's aged care system are currently planned or underway. Of particular relevance to informal carers are planned changes that will expand access to home care packages.

A new in-home support program is proposed to commence in July 2025 (delayed from July 2024). It will replace the existing home support services, including the Home Care Package program (which currently has limited funding based on a population-based quota system). While the proposed design for the new in-home support program does not rule out a cap on the amount of government funding, the former government accepted-in-principle the Royal Commission's recommendation to provide 'demand-driven' access to aged care based on assessed needs. This change should help to reduce waiting times for home care and make it easier for carers to support older people to remain at home.

There are signs that waiting times from home care packages are beginning to fall. The median time between approval and entry into a level 4 package (the highest level of care) was 12 months in 2020-21, but just one month in 2021-22 (SCRGSP 2023). However, the Australian Government's 2023-24 Budget announced that, alongside the delay to the new in-home support program, that \$167 million would be allocated to an additional 9,500 home care packages in the interim (Chalmers and Gallagher 2023, p. 133). This funding would only cut the waitlist by about one quarter and is unlikely to provide much relief to people (and their carers) waiting for a home care package.

Additional supports to help carers of older people are being implemented, as recommended by the Royal Commission (box 18). The Royal Commission also recommended that unmet demand for aged care and duration times for assessment and access to services be reported annually to Parliament.

Current aged care reforms are also an opportunity for the Australian Government to improve carers' access to respite. Aged care programs, such as the new in-home support program being developed, should consider providing separate funding to respite care to reduce tension between the needs of the carer and care recipient that arise when respite and aged care services are funded jointly. This program should also give more equitable access to respite care in different settings, especially in-home respite and other alternatives to respite in residential care facilities, noting that for some carers and care recipients, at-home respite may be too costly an option.

### **Box 18 – Additional supports for carers of older people**

The Royal Commission into Aged Care Quality and Safety said ‘informal carers of older people should have certainty that they will receive timely and high quality supports in accordance with assessed need’ (RCACQS 2021d, p. 20). To that end, it recommended reforms designed to equip carers with skills at an early stage in their caring role, and to provide access to timely, well-coordinated supports and respite. Recommendations included:

- a post-diagnosis support pathway for people living with dementia and their carers and families (including regular planned respite for carers)
- a single streamlined aged care assessment process for care recipients that includes an assessment of the carer’s needs and allows carers to request a reassessment
- a new in-home support program that combines existing home support programs including the Commonwealth Home Support Programme and Home Care Package Program
- a respite supports category in the aged care program to improve the availability of respite for informal carers earlier and more often, in peoples’ homes, cottages and purpose-built facilities
- linking My Aged Care and Carer Gateway so there is a single system for carers to access respite care and information, training and support services. This includes allowing direct referral and information sharing between My Aged Care, assessment services and Carer Gateway, and requiring these services to identify the primary informal carer when assessing a person for aged care and establishing a community-based Carers Hub network.

The Australian Government accepted these recommendations and announced several new supports for informal carers of older people in the 2021-22 Budget, including \$103 million for early referrals of carers to Carer Gateway services. From October 2022, carers will be directly referred from the My Aged Care assessment to either the Carer Gateway or National Dementia Helpline according to their caring responsibilities and circumstances. The 2023-24 Budget also announced \$73 million to help implement the new in-home support program, and additional funding to improve the quality of aged care services, including:

- \$515 million over five years to increase award wages for some aged care workers
- \$140 million over four years for a star rating system to allow carers and care recipients to compare aged care services and providers
- \$72.3 million in 2023-24 for a new Aged Care Act
- \$60 million over five years for a national (aged care) worker screening and registration scheme.

Sources: Chalmers and Gallagher (2023, pp. 125, 133); Department of Health (2021a, 2021c); RCACQS (2021d); SSCWC (2022).



### Finding 5

#### Informal carers need timely and high-quality supports

Formal care and respite care services for aged care recipients play a key role in supporting their carers. Continued progress with current and planned reforms to increase access to, and reduce waiting times for, these services is essential.

## Easier access to flexible work

### Flexible work and unpaid carer leave can be interchangeable

As noted earlier, existing entitlements to flexible working arrangements can help employees with caring responsibilities to balance work and care, with many participants arguing that these arrangements are the most appropriate tool to help employees balance work and care.

In some cases, flexible working arrangements can be an alternative to unpaid leave. This can be clearly seen in the case of purchased leave – an employee who purchases a month of paid leave would receive 11 months' pay over the course of a year, just as an employee who takes a month of unpaid leave would receive 11 months' pay. Other flexible workplace arrangements can have similar effects, albeit over shorter periods of time. For example, flexitime (whereby employees 'bank' extra hours which are then exchanged for time off) could allow a carer to work longer hours over several days in order to have a half day off to spend attending to the needs of a care recipient. In some countries, carers have the option of taking carer leave on a fractional basis – akin to part-time work in the Australian context (box 19).

#### Box 19 – Flexibility in managing the long-term care of older people

Most international models of extended leave involve the full suspension of paid work for a set duration of time. But in several countries, extended unpaid leave entitlements can be taken on a fractional basis. The ability to take leave on a part-time basis mirrors flexible working arrangements and enables carers to maintain an income and attachment to their workplace while also having appropriate time for their caring responsibilities.

- In Belgium, caregiver leave can be taken on a full-time or fractional basis (as a 50% or 20% reduction in usual working hours). Employees have the right to six months of full employment suspension over a person's career. Up to 12 months of leave can be taken if the employee opts to take leave on a half-time (50%) basis.
- In Germany, employees have the right to partial caregiver leave, as well as the option to arrange a temporary part-time work arrangement. Paid caregiver leave is available for 10 days over a care recipient's lifetime. Employees are also entitled to take up to six months of full or part-time unpaid carer leave. Employees with longer-term caring commitments can enter into a *familienpflegezeit* (family caring time) arrangement with their employer. Arrangements are available for a period of two years and enable employees to reduce their work hours to a minimum of 15 hours per week. At the end of the two-year period, employees return to their previous work arrangements.

Sources: Eurocarers (2018); Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (nd); Koslowski et al. (2021).

Because of the potential for flexible working arrangements to effectively substitute for unpaid leave, the amendments to the *Fair Work Act 2009* (Cth) which strengthen the right to request flexible working arrangements have the potential to reduce the need for an unpaid carer leave entitlement. Following these amendments, potential users of the entitlement may find it is easier to access purchased leave or other flexible working arrangements to carve out the time needed for caring.

It remains to be seen how many employees' needs could only be met through extended unpaid leave.



#### **Finding 6**

#### **Working carers need access to flexible working arrangements**

Working flexibly is highly valued by carers and is a key factor in enabling them to manage their paid work and caring commitments. The changes to the flexible working arrangements provisions of the *Fair Work Act 2009* (Cth) (due to commence in June 2023) are expected to make it easier for carers to negotiate working arrangements with their employers that will help them balance their paid work and care commitments.

## **Review of the 'right to appeal' rejected requests for flexible working arrangements**

A review of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) (box 7), which also made amendments to workplace relations legislation, is legislated to commence by December 2024 and conclude by June 2025. However, it will not be easy for this review to determine the effects of the right to appeal on workplace flexibility because:

- the COVID-19 pandemic has resulted in large changes in workplace flexibility that are likely to mask any effects that might result from the right to appeal
- for the small minority of employees who already have access to the right to appeal under their enterprise agreement, very few (less than 1%) rejected requests for flexible working arrangements are appealed to the Fair Work Commission (appendix C).

As such, this review will be of most value if it focuses on ways to improve the right to appeal. It should consider improvements to administrative processes and changes to the 'reasonable business grounds' criterion for rejecting requests.

To allow the legislated review of the Act to consider improvements to the right to appeal, the Fair Work Commission should begin collecting data as soon as practicable. It should begin surveying employees who appeal rejected requests for flexible working arrangements and their employers about their satisfaction with the process and how it could be improved. For cases that proceed to arbitration, it should also survey employers and employees about aspects of their case. The responses to these surveys (or de-identified versions of them) should be provided for the reviewers.

Appendix C provides more detail on how the right to appeal should be reviewed.



### Recommendation 1

#### Evaluate the right to appeal rejected requests for flexible working arrangements

The review of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) (to be completed by June 2025) should consider how the right to appeal rejected requests for flexible working arrangements to the Fair Work Commission (FWC) (to take effect from June 2023) could be improved.

To inform the review, the FWC should, as soon as practicable, start surveying employees who appeal rejected requests for flexible working arrangements, and their employers, about the process and seek their views on how it could be improved. For cases that proceed to arbitration, the FWC should also survey employees and employers about aspects of their case. The FWC should provide the survey responses (or de-identified versions of them) to the Department of Employment and Workplace Relations.

## Information about flexible work

Flexible employment entitlements are not generally well known or understood. The Chamber of Commerce and Industry Queensland, for example, pointed to the need for ‘policies that increase knowledge and awareness of existing entitlements and how they can be used’ (sub. 16, p. 5). Carers NSW said:

Carers may be unaware of their entitlements or have limited understanding of the redress pathways available to them where they are unable to access these entitlements or feel discriminated against for doing so. Currently, there is no central place carers can access to fully understand their rights or redress pathways within the employment context. (sub. 20, pp. 9–10)

Based on responses to the SDAC, only 53% of employed primary carers of older people were aware that their employer provided paid carer leave and only 37% were aware they could access unpaid leave.<sup>16</sup>

Carers are no different to other Australians – many Australian workers struggle to understand their workplace rights and entitlements, especially those related to flexible work (PC 2015, p. 40). The Senate Economics References Committee concluded that ‘further work is necessary to develop greater awareness among both employers and employees regarding employee rights to access flexible work arrangements’ (2016a, p. 39).

A small number of dedicated sources of information on carers’ employment rights are already available. For example:

- Carers NSW has a fact sheet designed to help carers talk to their employer about flexible work (Carers + Employers nd).
- the Carer Gateway has information on working while caring, with links to information provided by the Fair Work Commission and the Fair Work Ombudsman (Carer Gateway 2023).
- carers can also obtain information and seek advice about employment law matters from employment rights centres such as Job Watch (sub. 17) and Circle Green Community Legal (sub. 11) (though such centres are not available in every jurisdiction (Darwin Community Legal Service, sub. 33, p. 6)).

<sup>16</sup> Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers*, 2018, Cat. no. 4430.0).

But each of these avenues require carers to proactively seek out the relevant information and to know where to go to obtain it. This can be a big hurdle for someone who is already juggling work and care. It can also mean that people with the least initial knowledge of their employment rights (who are the least likely to know where to seek such information) are the most likely not to avail themselves of those rights. This is of particular concern as working carers often face 'intersectional workplace disadvantage factors such as: gender, race, CALD background, and insecure work' (Circle Green Community Legal, sub. 11, p. 2).

A better approach would be to proactively provide information on carers' employment rights to working carers at times when they are already seeking out information or interacting with service providers. Recent changes to the referral processes for, and the services offered by, the Carer Gateway (box 18) should help to ensure that more carers receive support earlier in their caring journey. Their early interactions with the Carer Gateway are an ideal opportunity to provide carers with information about flexible work rights and the types of flexible working arrangements that have been found to work well for other carers of older people. Information needs to be up-to-date, and include plain English explanations of upcoming legislative changes to the right to request flexible work. If the role of Care Finders is expanded to include support for carers (as envisaged by the Royal Commission), Care Finders would also be well placed to provide carers with information about flexible work.

But awareness of the ways in which flexible working arrangements can help carers to balance paid work and care also needs to extend beyond carers of older people. Broader change to attitudes in the workplace towards people accessing flexible working arrangements is required. The Age and Disability Discrimination Commissioner said:

... we do need more promotion, and this is where government can do communications campaigns and initiate national discussions around these issues, so that a parent returning to work will know: 'I do have these rights' and her coworkers and her immediate boss will know: 'This woman was entitled to go off on leave. She is entitled to come back. She is entitled to flexibility'. (Senate Economics References Committee 2016b, p. 6)

Similarly, ACCI said that more should be done to address employees' lack of knowledge about the existing entitlements and capacities under the *Fair Work Act 2009* (Cth):

... the Fair Work Ombudsman should increase promotional efforts to make employees aware of these existing entitlements, given the substantial impact that it may have on allowing more employees to undertake caring responsibilities. (sub. 35, p. 11)

Providing information to people affected by regulatory standards – in this case the NES – is an important role for governments. Unless those affected by the standards are aware of their rights and responsibilities under those standards, the objective of the standards is unlikely to be achieved. Employer organisations and unions – whose members would benefit from more widespread understanding of employment law – may also have a role to play.



## Recommendation 2

### Provide information about how to request flexible work to working carers

The Australian Government should ensure that carers of older people are provided with tailored information about flexible working arrangements and how to request them. This should include, at a minimum:

- developing fact sheets designed to help carers talk to their employer about flexible work. The fact sheets should take into account upcoming changes to flexible work provisions of the *Fair Work Act 2009* (Cth)
- routinely providing the fact sheets to carers at key points in time, such as when they contact the Carer Gateway.

## Supporting carers to take a break from paid work

As discussed earlier, participants highlighted a number of ways that existing leave entitlements in the NES do not meet the needs of carers (box 6) and suggested amendments to the leave entitlements to:

- recognise more diverse caring relationships
- ensure carers have leave they can take when they are unwell
- allow carers to take leave to undertake a broader range of caring activities (currently limited to employees providing care for an illness, injury or unexpected emergency).

### Recognising diverse caring relationships

The NES currently uses a narrow definition of ‘family’. Carer leave is only available to employees providing care for an ‘immediate family or household member’. This excludes many caring relationships and cultural ideas about what constitutes ‘family’, and non-familial caring relationships. For example, nieces and nephews are not guaranteed access to carer leave to care for aunts and uncles, even in situations where there are no other living relatives.

A number of participants raised concerns about the narrow definition of caring relationships. For example, ACCI recognised that:

... there may be some familial arrangements which are not presently covered by these leave entitlements but perhaps should be discussed. (sub. 35, p. 10)

In some First Nations cultures, ‘family’ takes on a broader meaning beyond close biological relatives (NACCHO, sub. 5, pp. 4-5; Watarrka Foundation 2023)

The SDA suggested that workers should be able to access carer leave when caring for anyone the worker provides care to, regardless of whether that person forms part of the worker’s household or immediate family.

Families are not singularly defined. People may have different ‘family’ structures that don’t fall into the traditional definition of immediate family and the provision of care to people they recognise as part of their family should also be supported. (sub. 38, p. 14)



Difficulties accessing culturally appropriate formal care services are compounded when carers and care recipients have diverse relationships and needs beyond those recognised by mainstream supports.

Although the current NES eligibility requirements exclude a small number of carers, the carers who cannot access carer leave under the NES may be concentrated among certain cohorts. For example, many older LGBTI+ people may not have biological children or are alienated from their families (biological family) so they rely on a family of choice. A family of choice is a group of people who have chosen to form a close, familial bond outside standard biological or legal ties, based on shared values, common beliefs, collective histories and mutual support. These arrangements can be an important source of support for people who, for one reason or another, find their family of origin unavailable or unsuited to provide emotional or physical support (such as the LGBTI+ Australians who have historically found familial support withdrawn once their sexuality became known).

Likewise, many Aboriginal and Torres Strait Islander communities place great value on extended kinship ties that do not necessarily follow the definition of immediate family or household member, as articulated in the NES. Family relationships within Aboriginal and Torres Strait Islander communities can include extended family and community members and are sometimes not formally recorded. Caring is a cultural obligation which can form a part of these broader family and community relationships.

Caring relationships beyond strict definitions of immediate family and household are already recognised in other areas of law (box 20).

## **Box 20 – Other possible definitions of ‘care relationships’**

### **Carer Recognition Act 2010**

The *Carer Recognition Act 2010* (Cth) defines carers by the support, care and assistance they provide to another individual. It explicitly states that the relationship between the carer and care recipient does not make someone a carer.

### **Social Security Act**

The *Social Security Act 1991* (Cth) determines eligibility for care-related payments. The Carer Payment does not require a specific relationship between the carer and care recipient, instead requiring constant care. In contrast, a person is only eligible for the Carer Allowance if they provide care in a private home to ‘a family member, or a person approved in writing by the Secretary as a care receiver for the purposes of [Carer Allowance]’. Family member is defined by section 23(14) of the Act, parts (a) and (b), to mean the ‘partner or a parent of the relevant person or a sister, brother or child of the relevant person’.

Secretary approval for care receivers is given on a case-by-case basis. Examples of other people approved as a care receiver may include a friend or neighbour, or any person who receives care on a daily basis in a private home. The care relationship is therefore defined by the level of care being provided rather than any specific definition of family. This would likely broaden access to the carer allowance to carers whose care relationships align with Aboriginal and Torres Strait Islander kinship or family of choice definitions.



## Box 20 – Other possible definitions of ‘care relationships’

### Definitions used in other countries

Internationally, both paid and unpaid carer leave usually require the care recipient to be a member of the family and/or a co-resident. However, there are some examples of carer leave which allow for care relationships beyond this definition.

- Belgium provides leave for informal care to employees recognised as carers. Recognition is available to carers who have ‘a relationship of trust or a close, affective or geographical relationship’ with the care recipient.
- Ireland provides unpaid carer leave to care full-time for someone. The care recipient does not need to be a family member or spouse, and can be a friend or colleague.
- In Canada, compassionate carer leave is available to care for a family member who has a serious medical condition with a significant risk of death. Family is defined broadly. ‘Children, stepchildren, parents, grandparents, spouses, common law spouses, brothers, sisters, step-brothers, step-sisters, aunts, uncles, nieces and nephews are all considered family members. The definition also includes those who are not related, but whom the employee considers to be like a close relative’.

Sources: DSS (2022b); Belgian Federal Government (2021); *Citizens Information* (2022); *Province of Manitoba* (2022); Rocard and Llana-Nozal (2022).

A broader definition of caring relationships is already used in parts of the NES.

- The right to request flexible working arrangements includes carers as defined by the *Carer Recognition Act 2010* (Cth).
- The newest addition to the NES – family and domestic violence leave – provides leave to deal with the impact of family and domestic violence for a close relative which includes ‘a person related to the employee by Aboriginal and Torres Strait Islander kinship rules’ (FWO 2023b).

An expanded understanding of care relationships for the purposes of carer leave would benefit those carers who are currently excluded from accessing NES carer leave entitlements and their care recipients. Such an expansion would, however, impose costs on employers, as more employees would take leave. Reviewing eligibility restrictions in the NES based on care relationships would allow an assessment of these costs and benefits and could improve the functionality of the NES for employees with caring responsibilities.

The Senate Select Committee on Work and Care came to the view that the current definitions of family or household member were inadequate and ‘do not reflect the experience of the family, friends and community groups of working carers, and should be amended to better reflect the diversity of the work and care experience’ (SSCWC 2023, p. 184). The Committee recommended the definition of ‘immediate family’ be broadened to include ‘members of an employee’s household; any of the employee’s children or siblings; or any other significant person to the employee (which the Fair Work Ombudsman may choose to issue guidance material on)’ (SSCWC 2023, p. 184).

The Australian Government should review the eligibility restrictions in the NES that limit access to carer leave based on strictly defined relationships between the employee and the person they care for, to better accommodate working carers while they balance caregiving with paid employment.



### Recommendation 3

#### Review definitions of care relationships in the National Employment Standards

The definition of ‘carer’ in the National Employment Standards is used for both paid and unpaid carer leave, but it only guarantees carer leave to employees providing care for an immediate family or household member. This can mean that people whose care relationships are broader than their immediate family or household (such as nieces, nephews, people with Aboriginal or Torres Strait Islander kin relationships or families of choice) are unable to access leave to provide care, and potential care recipients receive less care.

To address this, the Australian Government should review the eligibility restrictions in the National Employment Standards which limit access to carer leave based on strictly defined relationships between the employee and the person they care for. The review should look at how to amend the eligibility restrictions so that they better reflect the diverse caring relationships of Australian families, friends and communities, and reduce the extent to which carers are excluded from accessing key workplace supports.

## Paid personal and carer leave

A number of carers said that they did not have enough leave to be able to take paid time off work when they were unwell.

I would love to know that I could access more sick leave instead of having to use holidays or make up time. Being worried about having to take time off for COVID-19 has been a big stressor. (Carers Tasmania, sub. 37, p. 18)

I found I was taking more and more time off work to attend appointments, and had no personal leave left when I actually got sick. Carers NSW 2022 National Carer Survey (Carers NSW, sub 20, p. 11)

Participants pointed to combined sick leave and carer leave as a reason why carers may not have sufficient leave when they are unwell (when an employee takes carers leave to care for a family member, the leave comes out of the employee’s personal leave balance, box 5).

The initial entitlement to carer leave was introduced by expanding the purposes for which sick leave could be used and was designed to assist employees to balance work and care while minimising costs to businesses (appendix C). Australia is one of only a few countries with combined sick leave and carer leave (Carers Australia, sub. 36, p. 1).

Some participants argued that combining sick leave and carer leave, particularly with the removal of the annual cap on using this leave for caring, has had unintended consequences (Carers Australia, sub. 36, p. 15, Lived Experience Australia Ltd, sub. 44, p. 5). Carers Australia, for example, said:

... working carers trade off their leave entitlements to care for another person against their own health needs (in many cases not taking sick leave when they need to in order to accumulate leave to deal with carer emergencies), resulting in poorer health and wellbeing. (sub 36, p. 1)

The Women, Work and Policy Research Group and the Work + Family Policy Roundtable, also said:

Carers have reported to us in our research that they use up all of their personal leave on their care responsibilities and have none left to use when they are unwell. Poor health of carers is also a driver of labour market exit, so the lack of leave to appropriately manage their own health needs is likely to be contributing to the labour market withdrawal of carers. Separating the periods of paid sick and paid carers leave would be likely to reduce these disadvantages experienced by carers. (sub. 54, p. 5)

An entitlement to extended unpaid carer leave could help carers to reserve personal leave for sick leave purposes and annual leave and help ensure they have personal leave they can use when they are unwell or need a break from paid work.

The recent report by the Senate Select Committee on Work and Care recommended that ‘the Australian Government consider the adequacy of existing leave arrangements and investigate potential improvements in leave arrangements in the *Fair Work Act 2009* (Cth), including separate carer’s leave and annual leave’ (SSCWC 2023, p. 185).

There are a number of ways existing entitlements could be redesigned to increase the amount of leave available to employees when they are unwell, including:

- providing a separate, non-accumulating, entitlement to paid carer leave
- reserving an amount of personal leave for personal illness only
- reintroducing an annual cap on the amount of personal leave that can be used for caring.

While each of these options could help address the problem of carers not having leave for themselves (and carers with better health and wellbeing could be more engaged and productive in the workplace), there are also likely to be costs for employers. The Commission has not looked in any detail at the potential costs and benefits. A review should be undertaken to assess the costs and benefits of making such changes.

## Carer leave for a broader range of caring activities?

Carer leave entitlements under the NES can be used where the care recipient has an illness, injury or unexpected emergency. However, older people who are frail can also require assistance with every day living activities and organising health care appointments and other supports. The Women Lawyers Association of Queensland said the definition of when an employee can take paid or unpaid leave ‘simply does not take into account the nature of the care provided to older persons, which takes place day-to-day. Ageing is not illness, injury, or emergency’ (sub. 4, p. 5).

Carers NSW made a similar point about existing carer leave entitlements excluding routine care and noted that:

While employers may apply the definition more broadly than that stated in the NES, this is at an employer’s discretion and is often reliant on their awareness and understanding of caring. Furthermore, differing definitions of carers and caring between the NES and carer recognition legislation may be confusing for carers themselves and create greater difficulty in understanding their entitlements. (sub. 20, p. 10)

In the 2012 review of the *Fair Work Act 2009* (Cth), Carers Australia recommended to the Review Panel that the Act be amended to include a broader range of caring activities (Carers Australia 2012, p. 9). This change would be consistent with the right to request flexible working arrangements, which allows an employee to request flexible work in relation to their caring responsibilities in general, but it would expand the circumstances in which employees can access leave. A review should be undertaken to assess the costs and benefits of expanding the caring activities that carer leave can be used for.



#### **Recommendation 4**

#### **Review eligible occasions of care and the combining of paid carer leave and sick leave in the National Employment Standards**

The eligible occasions of care in the National Employment Standards limit carer leave to employees providing care for an illness, injury or unexpected emergency. This can mean that carer leave is not available to carers to provide assistance with everyday activities or to organise formal care.

Paid carer leave is combined with the carer's sick leave entitlements in personal/carer's leave in the National Employment Standards. This can mean carers have insufficient leave balances to be able to take leave when they are sick, making it more difficult for them to manage their own health and wellbeing.

The Australian Government should review both the eligible occasions of care and the design of personal/carer's leave (looking at the quantum of leave and whether paid sick leave and carer leave should form part of the same entitlement) in the National Employment Standards, to see if amendments should be made (based on net benefits to the community).

### **Increased flexibility for short-term unpaid carer leave**

The entitlement to two days of unpaid carer leave per occasion set out in the NES is only available to employers who have used up their personal leave (paid carer leave), or to casual employers (who do not have personal leave).

The unpaid carer leave entitlement was developed through conciliation between the parties to the Family and Work Provisions Test Case in 2005 and there is no record of the rationale for requiring paid carer leave entitlements to be exhausted being discussed by the Australian Industrial Relations Commission. There may have been agreement at the time that unpaid leave should only be used as a safety net to provide leave when no other options were available (appendix C).

One way to increase flexibility in workplace conditions for carers would be to give carers the choice to take either paid leave or unpaid leave when they need to take leave to care. As discussed earlier, the benefits of increased flexibility in the use of unpaid leave have been recognised with the introduction of flexible unpaid parental leave (FWO 2022b). Increased flexibility in the use of the two days unpaid carer leave (per occasion) would provide carers with more options for balancing work and care while also maintaining leave to look after their own health and wellbeing. And the costs are likely to be small and consistent with the costs businesses incur managing other workforce absences on a day-to-day basis. The NES should be amended to allow employees to choose whether to take leave that is unpaid or paid when they are using these entitlements to provide care.



### Recommendation 5

#### Remove the requirement that unpaid carer leave can only be accessed when paid carer leave is exhausted

Under the National Employment Standards, all employees have access to an entitlement to unpaid carer leave (up to two days per occasion) but they can only access the unpaid leave when their paid carer leave (personal leave) is exhausted. This requirement reduces carers' options for taking short-term leave to care, including flexibility around how to use the unpaid carer leave entitlements to best support them and their care recipients.

The Australian Government should amend the National Employment Standards of the *Fair Work Act 1999* (Cth) to provide employees with the choice to take either paid carer leave or unpaid carer leave in circumstances where they are eligible to take both forms of leave.

## Supporting carers' return to the workplace

For people who have taken time out of work to provide care, it can be hard to return to work, or to return to work at a level equivalent to their skills. A number of carers spoke about the challenges of finding employment after taking a break from work and some called for more specialist employment programs to assist carers returning back to the workforce. Assisting carers via employment programs has the advantage of helping both carers return to work irrespective of how long they have been out of work (whereas an entitlement to extended unpaid carer leave would only assist those out of work for a short period).

There are already a number of initiatives in place (in addition to general employment programs) to help carers return to the paid workforce and improve carer employment outcomes.

- The Your Caring Way pilot program, which the Australian Government funds Carers Queensland to deliver, is aimed at helping working age carers in Queensland, South Australia and Tasmania to access accredited education and training and assistance seeking employment. The pilot runs until 31 December 2023. The evaluation findings will be used to develop options to expand the program across Australia.
- The Carer Guidance Project, funded by the Department of Industry, Science, Energy and Resources from June 2022 to April 2023, and delivered by Carers NSW and TAFE NSW, focuses on women carers who are transitioning back into the workforce after a career break to care. It integrates education and employment support resources and provides tailored goal-based information and training to carers, including vocational support to carers to re-skill or upskill.
- The Linking Carers to Vocational Opportunities program, which is a carer employment support program funded by the Victorian Department of Families, Fairness and Housing. This program provides support to informal carers with career planning, goals, confidence, resume writing, job interview skills, finding work, training, mentoring and referral to other agencies.

A key challenge is designing and implementing evidence-based and cost-effective specialist employment programs. Evidence from the trials needs to inform the future direction of policy in this area.

## A whole-of-government approach to supporting carers

### The New National Carer Strategy

Assistance for the difficulties that carers face – outlined above – crosses a range of different government departments and agencies. There would be value in the Australian Government taking a more holistic approach to supporting informal carers to engage in paid work. While improved access to formal care, flexible working arrangements and specialist employment services are important areas to focus on, they may not address all the barriers informal carers face when trying to combine work with their caring responsibilities. There would be value in the Australian Government taking a more holistic approach to supporting informal carers to engage in paid work. As the Senate Select Committee on Work and Care concluded, rather than a piecemeal approach to supporting carers, the Australian Government should take a comprehensive and integrated approach to addressing the challenges of work and care (SSCWC 2023, p. 184).

The Australian Government is developing a National Carer Strategy (DSS 2022j, p. 15) which presents an opportunity for the government to take a whole-of-government approach to supporting carers. As well as promoting a whole-of-government approach, the Strategy also provides a means for the government to confirm that the needs of carers are being considered in other areas of reform, such as aged care. The Strategy should include a process for developing the evidence base and incorporating lived experience of carers to inform, and ultimately drive, priority reforms.



#### Recommendation 6

#### **The National Carer Strategy: an opportunity for a whole-of-government approach to supporting carers**

The Australian Government National Carer Strategy should include:

- a whole-of-government approach to supporting carers to participate in the workforce
- action to ensure carers' needs are included alongside the needs of the care recipient
- a commitment to undertake an audit of existing policies to support carers to reconcile paid work and care and actions to resolve gaps
- a formalised process for undertaking policy evaluations and building the evidence base on effective carer supports, and for incorporating this evidence alongside carers' lived experiences in the development of future policy.

An independent review of the National Carer Strategy should be undertaken every five years.

## Appendices





## A. Public consultation

This appendix outlines the consultation process undertaken and lists the organisations and individuals who participated in the Inquiry.

The Commission received the terms of reference for this inquiry on 23 February 2022. We released an issues paper on 15 July 2022 inviting public submissions and brief comments. A position paper was released on 28 February 2023, and further submissions and comments were sought.

In total, we received 58 submissions (table A.1) and 12 brief comments. The submissions and brief comments are available at: [www.pc.gov.au/inquiries/completed/carers-leave/submissions](http://www.pc.gov.au/inquiries/completed/carers-leave/submissions).

During the inquiry, the Commission held consultations (table A.2), roundtables (table A.3) and public hearings (table A.4) with carers and care recipients, industry groups, consumer and community groups, government agencies, academics, and researchers.

The Commission would like to thank everyone who participated in this inquiry.

**Table A.1 – Submissions**

| Participants   | Submission |
|--|------------|
| Aged and Community Care Providers Association (ACCPA)  | 29, 47     |
| Aged Care Action Group, Aged Care Reform Now and Carer's Circle (QACAG)                        | 21         |
| Anglicare Australia  | 6          |
| Arafmi Ltd   | 9, 53      |
| Australian Chamber of Commerce and Industry (ACCI)   | 35, 49     |
| Australian Education Union (AEU)   | 13         |
| Australian Federation of Disability Organisations (AFDO)                                       | 56         |
| Australian Industry Group (Ai Group)   | 34, 58     |
| Australian Longitudinal Study on Women's Health  | 31         |
| Australian Nursing and Midwifery Federation (ANMF)   | 39, 50     |
| Australian Psychological Society (APS)   | 27         |
| Australian Retailers Association (ARA)   | 14         |
| Australian Services Union, Victorian and Tasmanian Branch                                      | 30         |
| Australian Small Business and Family Enterprise Ombudsman                                      | 26         |
| Business Chamber Queensland (formerly the Chamber of Commerce and Industry Queensland - CCIQ)) | 16, 48     |
| Cancer Council Australia and McCabe Centre for Law and Cancer                                  | 57         |
| Carers Australia   | 36, 51     |

| Participants  | Submission |
|---|------------|
| Carers NSW  | 20, 42, 55 |
| Carers Tasmania   | 37         |
| Circle Green Community Legal  | 11, 52     |
| Continence Foundation   | 2          |
| Darwin Community Legal Service  | 33         |
| Dementia Australia  | 12         |
| Department of Health and Aged Care                                    | 24         |
| Health Services Union (HSU)   | 19         |
| Iredale, Peni   | 40         |
| JobWatch  | 17         |
| Klein, Associate Professor Elisa                                      | 3          |
| LGBTIQ+ Health Australia  | 22         |
| Lived Experience Australia Ltd  | 1, 44      |
| Mental Health Carers Australia  | 32         |
| Merri Health  | 18         |
| MS Australia  | 8          |
| Nikidehaghani, Dr Mona and Hui-Truscott, Dr Freda                     | 23         |
| National Aboriginal Community Controlled Health Organisation (NACCHO) | 5          |
| Older Persons Advocacy Network (OPAN)                                 | 15, 45     |
| Queensland Alliance for Mental Health (QAMH)                          | 7, 46      |
| Royal Australian and New Zealand College of Psychiatrists (RANZCP)    | 25, 43     |
| Shop, Distributive and Allied Employee's Association (SDA)            | 38         |
| The Pharmacy Guild of Australia                                       | 41         |
| Women Lawyers Association of Queensland                               | 4          |
| Women Work and Policy Research Group                                  | 28, 54     |
| Zonta Club of Toowoomba Garden City                                   | 10         |

**Table A.2 – Consultations****Participants**

|   |
|---|
| Australian Chamber of Commerce and Industry (ACCI)                    |
| Australian Council of Trade Unions (ACTU)                             |
| Australian Industry Group (Ai Group)                                  |
| Australian Nursing and Midwifery Federation (ANMF)                    |
| Australian Services Union, Victorian and Tasmanian Branch             |
| Business Council of Australia (BCA)                                   |
| Care and WorkMOD Creators – Macquarie Business School                 |
| Carers ACT  |
| Carers Australia  |
| Carers NSW  |
| Carers Tasmania   |
| Carers WA   |
| Coles   |
| Council on the Ageing (COTA)  |
| Department of Employment and Workplace Relations (DEWR)               |
| Department of Health and Aged Care                                    |
| Department of Social Services (DSS)                                   |
| Fair Work Commission  |
| Fair Work Ombudsman   |
| Heron, Alexandra (CEPAR)  |
| Juniper Central   |
| Macdonald, Fiona (The Australia Institute)                            |
| National Aboriginal Community Controlled Health Organisation (NACCHO) |
| National Aged Care Alliance   |
| New Zealand Ministry for Social Development                           |
| OECD  |
| Parliament of the United Kingdom – House of Commons Library           |
| Shop, Distributive and Allied Employees' Association (SDA)            |
| Stewart, Professor Andrew (University of Adelaide)                    |
| The Australia Institute (Centre for Future Work)                      |
| Treasury  |
| University of Adelaide  |

## Table A.3 – Roundtables

### Participants

#### Design on Extended Unpaid Leave Entitlement for Informal Carers of Older Australians, 13 December 2022

Arafmi Ltd

Australian Chamber of Commerce and Industry (ACCI)

Australian Industry Group (Ai Group)

Australian Retailers Association

Australian Services Union, Victorian and Tasmanian Branch

Australian Small Business and Family Enterprise Ombudsman

Carers Australia

Carers NSW

Dementia Australia

Merri Health

Westpac

#### Lived Experience of Carers, 3 May 2023

Bird, Natalie

Boucher, Louise

Coote, Meredith

Dowling, Gerard

Earle, Lana

Elderton, Sue

Gleeson, Aislin

Johnson, Helen

Lawn, Sharon

Oliver, Rachel

Parkin, Bronte

Sunna, Rosita

Varshney, Rachel

Watts, Sue

## Table A.4 – Public hearings

### Participants

#### 20 March 2023

Bird, Natalie Jane

Carers Australia

Lived Experience Australia Ltd

## B. Carer leave arrangements in other countries

### Key points

- \* Most OECD countries have leave entitlements that can be used to care for an older person. Over half have paid carer leave and almost two thirds have unpaid carer leave.
- \* Carer leave entitlements vary across countries. Trade-offs are made on features such as duration, eligibility requirements and payment, to balance the costs and benefits of the entitlement.
- \* Many carer leave entitlements can only be used by carers of someone experiencing an illness, injury or emergency. Others can only be accessed for end-of-life care. Almost all carer leave entitlements are only for people providing care for a family or household member.
- \* The amount of carer leave available also varies (ranging from two days up to three years). Unpaid carer leave entitlements tend to be longer than paid leave entitlements. Some entitlements allow leave to be taken part-time or incrementally.
- \* Where leave is paid, it is paid by governments, employers or insurance schemes and can be at a fixed rate, a percentage of income or tied to a social security payment. Fixed rates of payment (and unpaid carer leave) can have negative consequences for the gendered distribution of care work as leave taking is most costly for high-income earners (who are usually men).
- \* Carer leave entitlements generally have eligibility requirements such as being employed in a business with a certain number of employees, being insured, having worked a minimum length of service, and/or providing a medical certificate. A few countries provide carer leave as a right to request rather than a statutory entitlement.
- \* Reasons given for carer leave entitlements being adopted in other countries are often framed in the context of ageing populations and unequal gendered distribution of care work and include:
  - increasing the supply of informal care through carer leave to reduce government spending on aged care
  - increasing workforce participation of women (carer leave may prevent women resigning to provide care)
  - freeing up informal carers to provide the care which aligns with older peoples' preferences.
- \* While data is limited, the uptake of carer leave entitlements in other countries is low but growing.

This appendix looks at carer leave entitlements in other countries. It covers the prevalence of carer leave entitlements (section B.1), the reasons for putting carer leave arrangements in place (section B.2) and the design and uptake of carer leave entitlements (section B.3). The appendix also covers other supports countries provide to working carers (section B.4).

## **B.1 How prevalent are carer leave entitlements?**

Carer leave entitlements are becoming increasingly common internationally, alongside other carer supports including flexible working arrangements, access to information and support, and social security benefits for carers (Rocard and Llana-Nozal 2022, p. 5).

Almost 22% of the global adult population has access to long-term carer leave entitlements and about 63% have access to emergency leave, including for informal care, although this includes those carer leave entitlements which are only available to care for children (Addati et al. 2022, pp. 160, 166). Over half of all OECD countries offer paid leave and almost one third offer unpaid leave to care for an older person (Rocard and Llana-Nozal 2022, pp. 46, 48).

Carer leave entitlements are relatively common in European countries. The Work-Life Balance Directive which entered into European Union law in 2019 includes a minimum provision for five days of carer leave that must be adopted by member states by 2022 (European Commission 2019). Carer leave entitlements are more prevalent in the Northern European countries (figure B.1).

Carer leave entitlements are more piecemeal outside of Europe.

- Japan has had a paid carer leave entitlement since 1999 (Niimi 2021).
- Canada has had an unpaid compassionate care leave entitlement that aligns with an employment insurance compassionate care benefit (effectively making it a low-paid leave) since 2004 (Wyatt 2003).
- Korea has had an unpaid leave entitlement since 2007. It was amended in 2020 to include a flexible component (Laboris 2019).
- In the United States, some states have paid carer leave entitlements, although a bid to legislate a national minimum paid carer leave entitlement failed in 2021, and all states have unpaid carer leave.
- The United Kingdom has an unpaid emergency leave to care for family members which is currently undergoing consideration for extending the duration from two days to five days.<sup>1</sup>

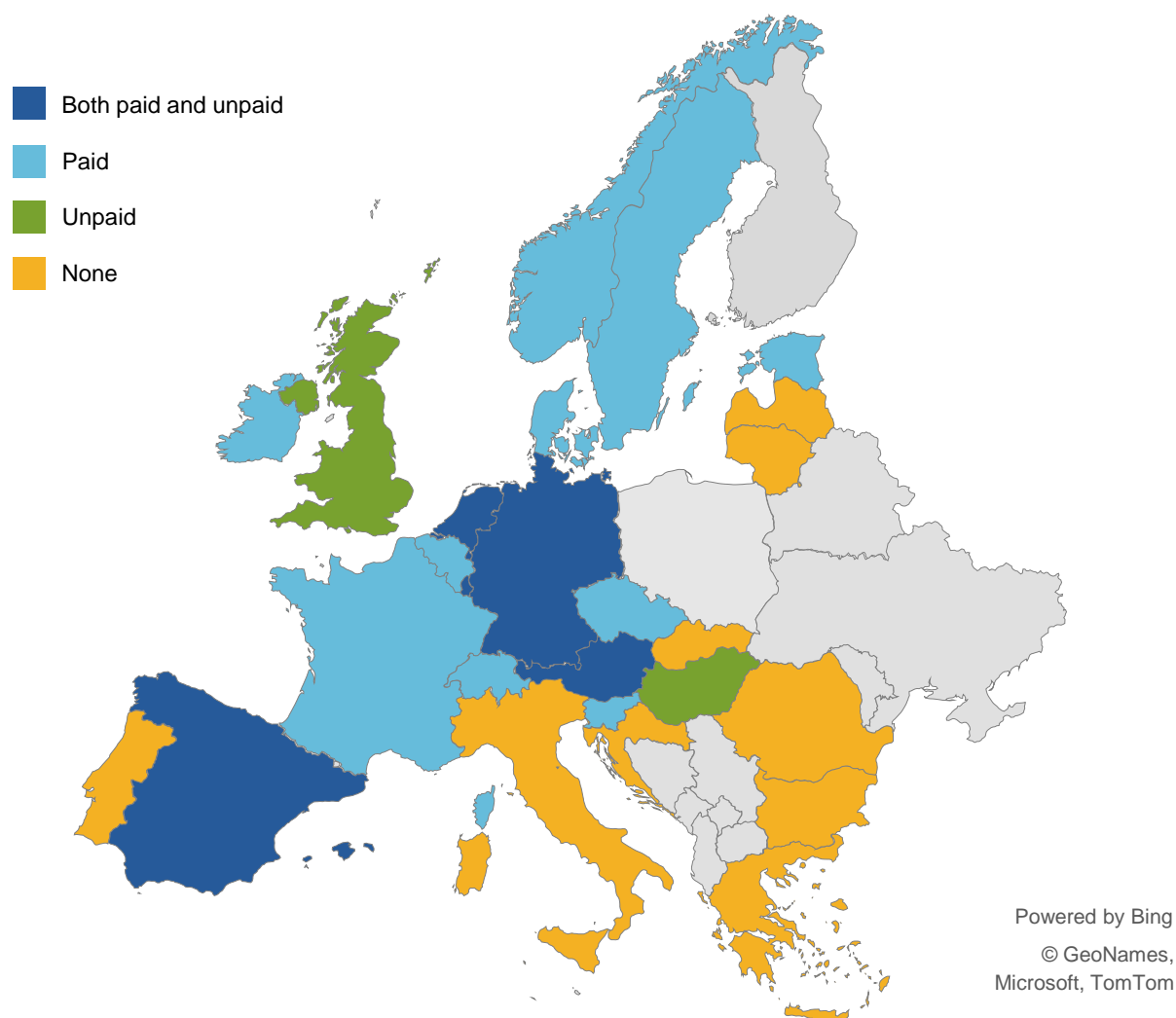
Carer leave entitlements which have been in place for some time have seen recent changes to strengthen the entitlement, including by increasing the flexibility with which it can be used or by increasing the duration of leave on offer.<sup>2</sup> The growing prevalence of carer leave entitlements in Europe and the renewal of more established carer leave entitlements elsewhere suggests that there is a new or increased motivation behind carer leave entitlements.

Australia, with both paid and unpaid carer leave entitlements, and looking at the potential for an extended unpaid carer leave entitlement, is in line with many other countries.

---

<sup>1</sup> For more detail see box 11.

<sup>2</sup> For example, in 2021 Japan amended their Child and Family Nursing Leave entitlement to allow leave to be used on an hourly basis. In 2020 Korea's Family-Care Leave entitlement was amended to allow 10 of the total 90 days to be taken on a daily basis rather than a minimum of 30 days.

**Figure B.1 – Carer leave entitlements are common across Europe<sup>a</sup>**

a. The figure only includes select European countries where reliable information on their carer leave entitlements was available.  
Sources: Colombo et al. (2011); Rocard and Llana-Nozal (2022).

## How do carer leave entitlements differ across countries?

Carer leave entitlements vary across countries (tables B.1 and B.2).

Trade-offs are made on design features, including the duration of leave, payment, purpose and eligibility requirements – all of which vary across different entitlements.

Given the potential cost of leave entitlements, there are evident trade-offs between design elements intended to allow for extended periods of leave and supporting employees more generously while on leave. For example, in Belgium up to one year of paid leave can be taken but the pay is quite low at EUR 741 each month (the average monthly income in Belgium was EUR 3,832 in 2020 (Statista 2022b)), and leave is only available to employees who provide constant care to a family member. On the other hand, Estonia offers seven days of leave, but it is paid at 80% of the employees' wage with the requirement that the care be for a family member experiencing illness.

While it is helpful to look at the variation within design features, it is important to consider the entitlements in their entirety as the trade-offs being made between design features complicates the generosity of each entitlement. There are also some limitations to the comparability of these entitlements (box B.1).

### **Box B.1 – Comparing carer leave entitlements is not straightforward**

Comparing carer leave entitlements and drawing conclusions about the value of the entitlements and their different design features is not straightforward.

First, there is limited information on existing extended carer leave entitlements. While there is useful data on the different leave arrangements and the uptake of some entitlements, there is almost no information on the costs and benefits of the leave entitlements. And what information is available is complicated by differences in how the information is collected and used. For example, across the European Union, care for an older person refers to care for a person over the age of 50 (compared to 65 in Australia). Several countries also collect data on carers as a singular group that cannot separate out carers of older people from other carers.

Secondly, understanding and making assessments about entitlements to carer leave in different countries is complicated by the intersections between carer leave entitlements and:

- informal care and social security systems
- the impact of culture on care patterns and leave taking
- other workplace supports (including flexible work) and leave entitlements for broader purposes.

### **Carer leave entitlements can be for different purposes**

Many carer leave entitlements require the leave to be taken to care for a person with an injury or illness (Australia, Canada, Estonia, Netherlands, Slovenia). As everyday frailty and ageing is not an illness or injury, such a carer leave entitlement may not be suited for many ongoing responsibilities of carers for an older person. Others require the carer to be providing end-of-life or palliative care (Austria, Belgium, Canada, Denmark, France, Luxembourg, Sweden) which also restricts when the leave can be taken.

Requiring the care recipient to be experiencing a specific care need can be a cost containment measure as it puts a cap on the amount of leave that employees can access. For example, in Denmark carer leave is unlimited in duration but the leave can only be taken to provide palliative care where a doctor has certified that the care recipient has two to six months left to live. The restrictions around the purpose of the leave mean that employees can only take leave for two to six months and in limited circumstances and so the costs of the entitlement are contained. It is common to see carer leave entitlements with strict requirements about the sort of care being provided that are also quite generous in duration or payment (Belgium, Canada, Denmark, Ireland, Sweden).

Requiring the care recipient to be a family or household member also puts a cap on the number of carers that can access the leave, although most carers tend to provide care within those definitions. This cap is likely to be less effective at containing the costs of the entitlement. Almost all carer leave entitlements are for the care of family with some specifying first- or second-degree relatives<sup>3</sup> or listing those relations who are deemed eligible. Several entitlements are limited only to people caring for their co-habitant, spouse or parent

---

<sup>3</sup> Second-degree relatives include aunts, uncles, nieces and nephews.



(Denmark, Norway, Slovenia, United States). Ireland is an exception. It allows leave to be taken to provide care to anyone provided they meet other requirements, and Canada allows for care to be provided to anyone considered to be like family (Rocard and Llana-Nozal 2022, pp. 63, 62).

It may also be the case that leave is prescribed a specific purpose to optimise the benefit that can be gained from the entitlement. By limiting leave only to circumstances where informal care can prevent or reduce the time spent in formal care settings, carer leave can only be taken where it has the most potential to generate fiscal benefit. For example, the Czech Republic's carer leave entitlement requires the care recipient to have been discharged from hospital following a minimum seven-day stay and requiring a minimum of 30 days of further care. In this case, freeing up employees to provide informal care ensures that the care recipient can be discharged from hospital and avoids the need for formal post-acute care. Similarly, paid carer leave in Germany is only available to an employee who is organising an acute care emergency and who is a long-term carer.

Potentially for similar reasons, some entitlements require the level of care provided by the leave-taker to meet a specific threshold. For example, in France an employee is only able to take paid leave if their care recipient has a permanent disability of at least 80% on the disability scale. In Ireland, the employee must be providing care on a full-time basis to a person who is so incapacitated that they require full-time care and attention likely to last 12 months (Rocard and Llana-Nozal 2022, pp. 62, 63).

Carer leave entitlements which are available to employees providing care without any further restriction on the type of care or care need are typically made less costly in other ways such as by being unpaid (Korea, Japan, Luxembourg, Germany) or by limiting duration (Austria, Estonia, Netherlands, Switzerland).

### The duration of leave varies widely

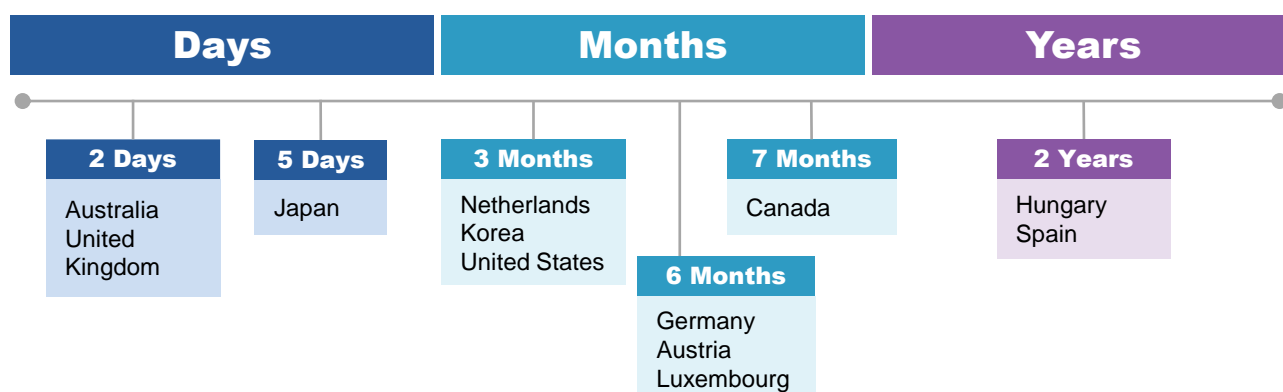
While the duration of leave varies, unpaid leave entitlements are generally for longer periods than paid leave entitlements.

Unpaid entitlements vary from two days (the United Kingdom and Australia) up to two years (Hungary and Spain), and Spain allows for three years of leave in extreme cases (Rocard and Llana-Nozal 2022, p. 66) (figure B.2a).

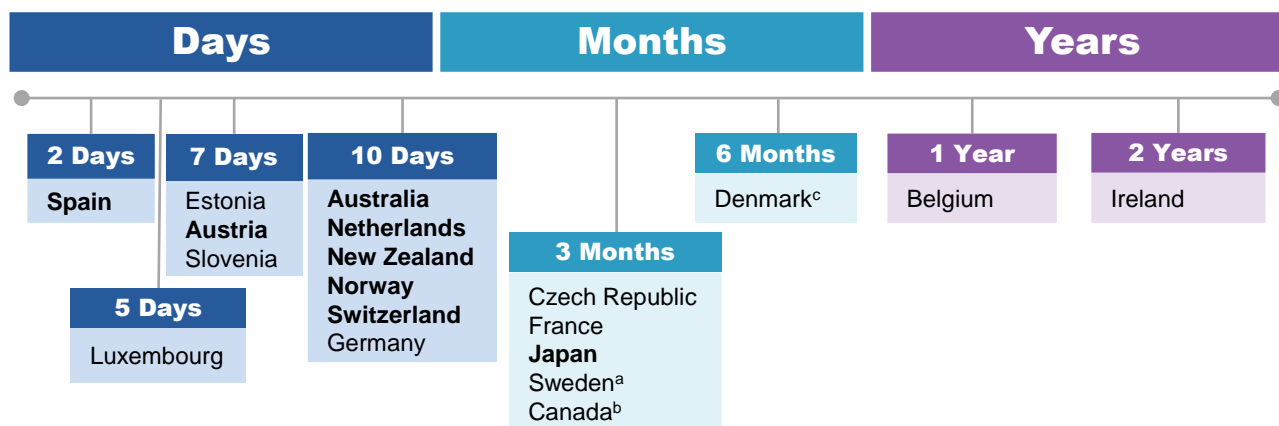
Paid entitlements also vary in duration – from two days in Spain, up to Ireland's entitlement of two years (figure B.2b).

**Figure B.2 – Paid carer leave entitlements tend to be shorter than unpaid entitlements**

#### a) Duration of unpaid carer leave entitlements



## b) Duration of paid carer leave entitlements



a. Sweden's entitlement allows for 100 days of leave. b. Canada's entitlement allows for 15 weeks of leave. c. Denmark allows for an unlimited duration of leave but in practice leave is capped at six months due to the requirement that the care recipient has only two to six months to live. Those in **bold type** are paid for by the employer. Some entitlements are provided annually, per occasion, per care recipient or once-off which changes the amount of leave an employee can access in practice (table B.1 and B.2).

Source: Rocard and Llana-Nozal (2022).

Some carer leave entitlements build flexibility into their leave durations to account for the sometimes unpredictable and episodic nature of care.

Several entitlements allow employees to access the leave part-time or as flexible work (Austria, Belgium, France, Germany, Luxembourg, Netherlands, United States). Where the leave is paid, this allows the carer to maintain their income while reducing their working hours and easing the strain created by the work-care balance. Where leave is unpaid, the entitlement to part-time leave is essentially an entitlement to part-time work for carers and means carers can maintain some income (prorated to the new part-time hours of work) while easing the work-care strain. Part-time leave taking also allows employees to extend the duration of their leave in some instances and spread the benefits over a longer period. For employers, part-time leave taking allows them to retain the productivity, skills and knowledge of their existing employee.

Some entitlements also allow for the segmented use of leave so employees can break up the total amount of leave into smaller increments (Australia, Belgium, Canada, Ireland, Japan, Korea, Luxembourg, Netherlands, United States). There are typically some restrictions on the segmented use of leave. For example, Korea provides 90 days of unpaid leave, 10 days of which can be taken on a daily basis while the remainder must be taken in blocks of at least 30 days. Belgium also allows their 12-month paid leave entitlement to be taken in blocks but the blocks must be one to three months. Canada allows their paid leave entitlements to be taken on a weekly basis but not daily or hourly. This sort of flexibility can benefit employees who are responding to episodic care needs although it would increase the cost of the entitlement to employers. Restrictions placed on how leave can be segmented may help limit some of these costs.

### Payment for leave

Paid leave entitlements offer different levels of payment for those on leave and can be paid by the employer, governments (through social security systems) or an employees' insurance scheme. It is most common for leave to be paid by governments. Unpaid leave can also interact with the social security system in such a way that it operates as paid leave, although these interactions are more complex.

The amount of payment is set in different ways across different countries. It can be paid as a percentage of the employee's previous income (Canada – 55%, Estonia – 80%), at a set level regardless of income (Belgium – EUR 741 per month, Germany – average of EUR 400 over the leave period, Ireland – EUR 220.50 per week for those under the age of 66), or tied to another payment (Finland – 70% of the daily unemployment allowance) (Rocard and Llana-Nozal 2022).

Fixed rate payments have attracted criticism for reinforcing the unequal and gendered distribution of care work (Colombo et al. 2011). Fixed rates of payment do not take into account an employee's previous income so leave taking is more costly for higher income employees who sacrifice more of their usual earnings. In the decision-making process about who in the family will assume the caregiver role, this payment structure is likely to mean that the person on the lowest income takes the caregiver role to minimise forgone earnings. Given that women typically have lower incomes within their families, a fixed rate of payment can reinforce the gendered distribution of care work.

Payments which are a proportion of income are more likely to encourage men to take up the caregiver role by reducing the opportunity cost for them doing so. The higher the percentage, the greater this equalising effect will be. However, payments that are proportional to income have negative consequences for equity, as those on lower incomes receive less support. Proportional payments are also costlier for government budgets, but can be paid for through an insurance-type scheme.

### **Eligibility restrictions for carer leave**

There are a number of restrictions on employees' eligibility for carer leave entitlements.

Rules about how carer leave entitlements apply to small businesses are not uncommon, although the definition of a small business tends to vary.

- Small businesses are exempt from having to provide their employees with carer leave in Austria, Korea and the United States (with small businesses being defined as those with five or fewer employees, fewer than 30 employees and fewer than 50 employees respectively).
- In Belgium and Germany, small businesses can deny their employees' requests for leave on business grounds (with small businesses being defined as those with fewer than 10 and 15 employees respectively).

Paid leave entitlements sometimes require the employee seeking leave to have been insured for a set period before they are able to access leave (Czech Republic, Estonia, Ireland, Japan). For example, the Czech Republic, which has a paid carer leave entitlement that is paid through insurance, requires employees to have been insured for at least 90 days in the four months preceding the care (Rocard and Llana-Nozal 2022, p. 62).

Requiring a length of service or previous work experience encourages a connection to the workforce for carers. Japan requires employees to have worked at least 12 months in the past two years to access leave and France requires two years of work experience to access leave.

A small number of countries (Czech Republic, Ireland, Korea, Netherlands) do not establish carer leave as a statutory right and instead allow employers to accept or deny requests for leave taking much like Australia's right to request flexible work in the National Employment Standards. A number of countries also require employees to provide medical certificates as evidence of the need to take leave (Belgium, Canada, Czech Republic, Luxembourg, Sweden, Switzerland).

## B.2 Why are carer leave entitlements being adopted?

Early discussions on why and how to support working carers were centred on the experiences of working parents (and is reflected in parental leave policies in many countries). More recently, carers of older people have attracted more attention and carer leave has emerged as a common policy solution.

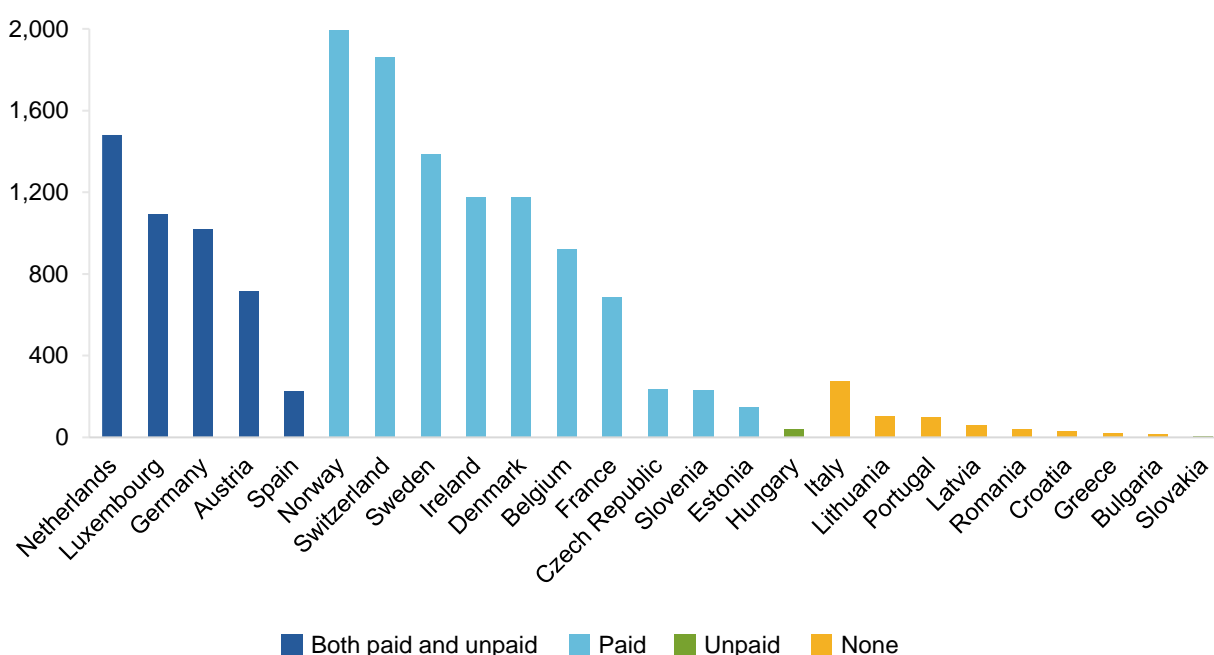
Across the world, populations are ageing and demand for aged care is increasing. And the increase in demand has not been matched by the same increase in the supply of care. The growing care gap is putting pressure on government budgets to provide or subsidise formal aged and health care and is deepening the impact of the unequal distribution of informal care work on women by exacerbating the already heavy burden of care on women. And governments are putting policies in place to help employees reconcile employment and care to alleviate these pressures.

Supports for informal carers which allow them to continue their caring role or increase their supply of informal care can be seen as a way to alleviate some of the fiscal cost pressures associated with ageing demographics (Colombo et al. 2011, p. 121). While informal care is not free care (carers forgo income and other employment benefits and governments forgo income tax receipts and spend more on social security), it can be less expensive for taxpayers than formal care.

Helping carers to balance their caregiving responsibilities with their employment and reducing the need for formal care are commonly cited objectives for carer leave entitlements. The terms of reference for this inquiry also suggested that carer leave could be considered within the context of informal carers reducing the need for formal care.

Within Europe, countries with carer leave entitlements also have higher levels of per capita long-term care spending compared to those countries without carer leave entitlements (figure B.3). This could be because those countries with higher levels of spending feel more pressure to bolster informal care as a means to create a more fiscally sustainable aged care system.

**Figure B.3 – Per capita long-term care expenditure of European countries in 2020 and their carer leave entitlements**



Source: Eurostat (2023).

Despite increasing cost pressures and ageing populations being a clear motivator for the adoption of carer leave entitlements, there has been little follow-up to assess whether carer leave entitlements have effectively reduced the cost to taxpayers of providing care where they have been put in place. The effectiveness of carer leave policies as a means to reduce the cost pressures faced by governments in the face of ageing populations depends on the substitutability of informal and formal care. Informal care only slightly substitutes formal aged care services in aggregate (appendix E).

Supports for carers are also frequently discussed within the framework of improving gender equality. The European Union's Work-Life Balance Directive, which included a provision for carer leave among other policies, identified key objectives including the need to address women's underrepresentation in the labour market (European Commission 2019). Similarly, the International Labour Organisation's recent Care at Work report discusses carer leave as a means to achieve greater gender equality at work by supporting the reconciliation of work and care to allow women to maintain their workforce participation and income (Addati et al. 2022). Several countries note the need to assist women to maintain employment while they shoulder the majority of the burden of unpaid caregiving as a reason to implement carer leave entitlements. For example, the impact assessment conducted for the Bill currently before the United Kingdom Parliament to extend carer leave from two days to five days said:

Studies over time have found women who started care work were more likely to stop their employment than women who did not start care work. Government intervention to provide a minimum statutory provision for carer's leave would see societal benefits in carers being able to maintain their caring commitments, whilst maintaining their attachment to the labour market. (Department for Business, Energy and Industrial Strategy 2022, p. 1)

Carer leave entitlements may not rectify the unequal burden of care work that is placed on women, but they could mitigate the impact on women's workforce participation. For those women who would have remained in work without the entitlement, access to leave reduces the lifetime hours of work, but for those women who would have resigned without the entitlement, access to leave can increase their workforce participation and lifetime hours of work. However, it is not always the case that those who use the entitlement will return to work, so the impact of leave on workforce participation could be overstated. Beyond workforce participation, unpaid leave would also have a negative impact on women's income and superannuation so the overall impact on gender equity is ambiguous.

OECD papers suggest that increasing access to informal care, such as through carer leave entitlements, supports the widespread preference of older people to age at home (Colombo et al. 2011; Rocard and Llana-Nozal 2022). This objective is discussed less frequently in the relevant literature and there is less evidence of it as an objective for carer leave within policy documents.

While the reasons for supporting carers by implementing carer leave entitlements are clear, little consideration has been given to measuring these entitlements against these objectives and assessing whether they are effective.

## **B.3 The uptake of carer leave entitlements**

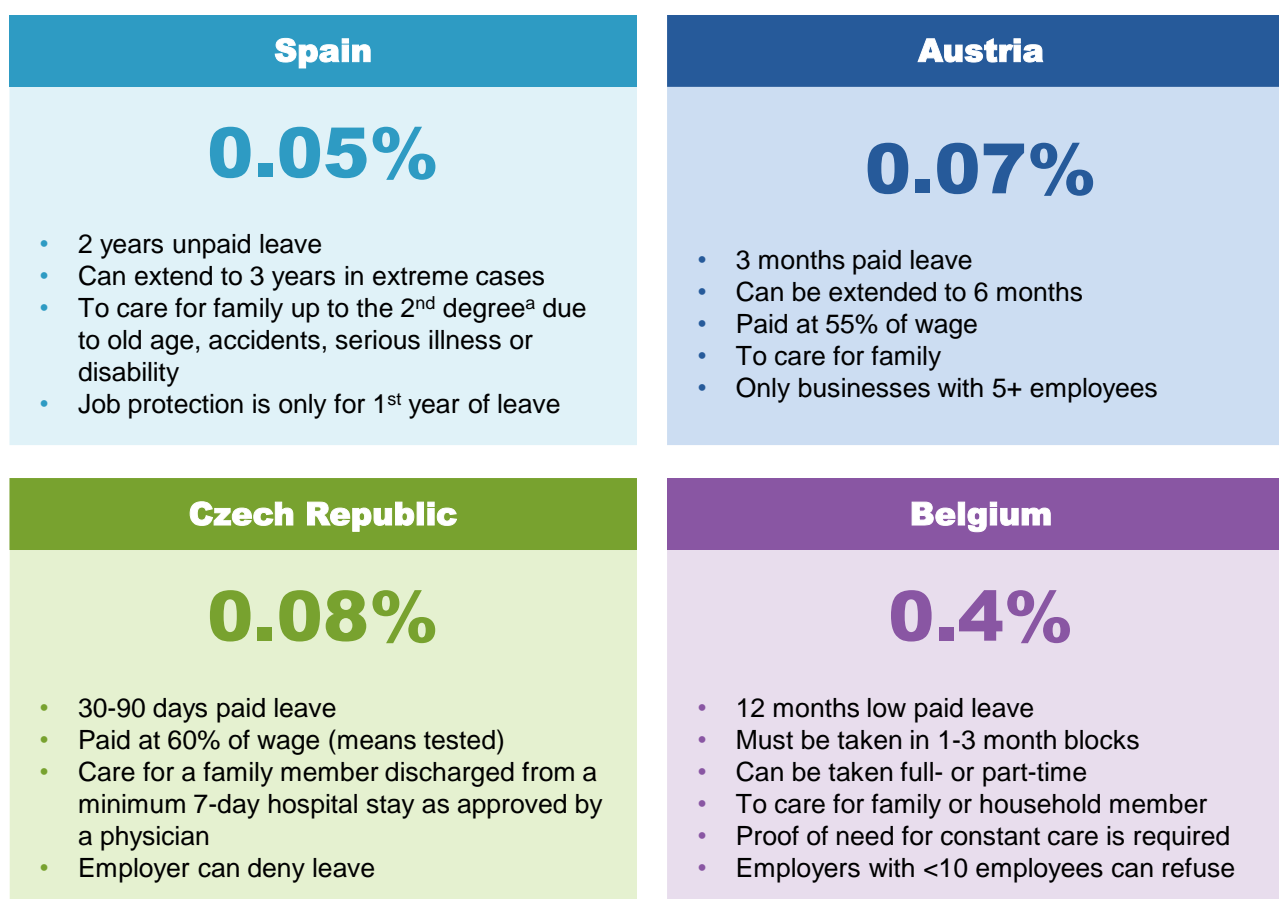
The uptake of carer leave entitlements in other countries gives us some hints about how many employees could find an entitlement beneficial. Data on the uptake of entitlements is only available for a few countries, although they form a somewhat representative cross-section of the types of carer leave entitlements that are in place (figure B.4).

Uptake of entitlements is small in each of these countries. Belgium, which has been credited with ‘one of the most well developed systems of paid leave for care recipients across OECD countries’ (Rocard and Llena-Nozal 2022, p. 47), has the highest uptake rate of the countries sampled. This may be a result of the flexibility and generous duration of leave available for carers. Many carers prefer to reduce their hours than to exit work entirely, and indeed the proportion of workers in Belgium who stop working entirely is comparable to other countries (figure 10). However, there are some suggestions that the high levels of uptake are due to employees misusing the entitlement.

Spain – the country with the lowest uptake rate of those sampled – has an unpaid entitlement that is also flexible and generous in duration. This suggests that payment is a significant factor in the uptake of a carer leave entitlement.

External reasons could also explain why uptake is low across different countries. For example, employees could fear the impact that taking leave for caregiving has on their career, particularly in countries with low levels of job security and employee protection.

**Figure B.4 – Uptake of carer leave entitlements in 2019 as a percentage of the labour force**



a. 2<sup>nd</sup> degree relatives include uncles, aunts, nephews, and nieces.

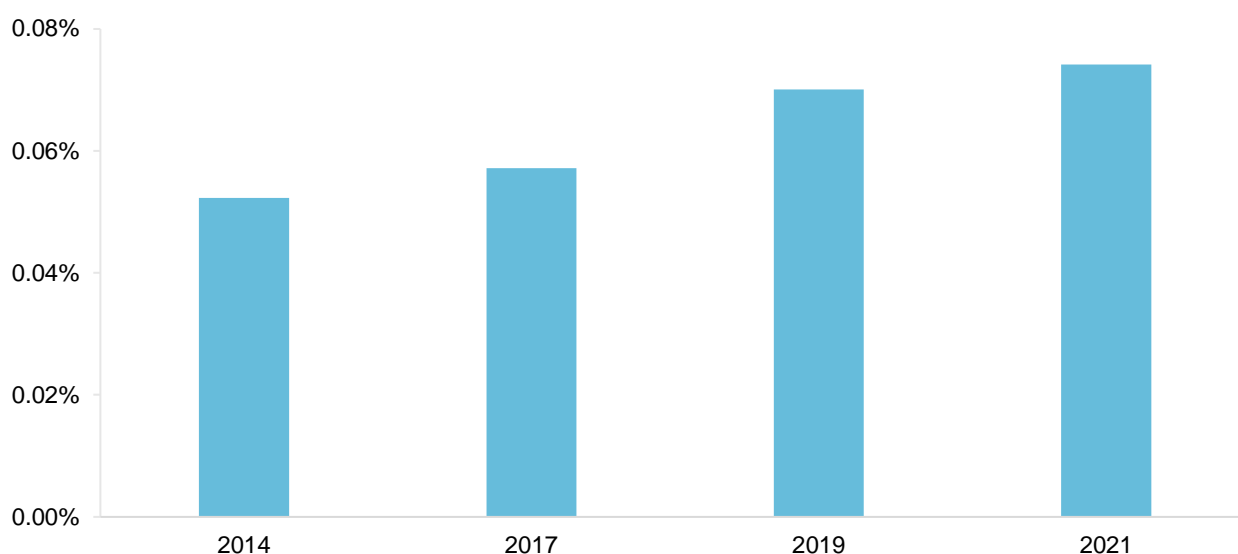
Sources: Rocard and Llena-Nozal (2022); Meil et al. (2020); The World Bank (2022).

There are several other potential contributing factors, such as the makeup of a country's economy (larger firms are more likely to offer leave, as are employers in the service sector compared to manufacturing), other workplace entitlements (carers may not be using leave if they have access to flexible work), and culture (social and familial pressures to provide care may increase the uptake of carer leave).

The low uptake in other countries could also suggest that only a small number of carers benefit from carer leave. This aligns with what the Commission heard from carers and carer representatives, namely that unpaid leave is unaffordable for most carers (Carers NSW, sub. 20, p. 16, Carers Australia, sub. 36, p. 19) and may not meet their needs (Carers NSW, sub. 55, p. 3). It is also consistent with Productivity Commission estimates of the small number of employees who would access extended unpaid carer leave were it made available in Australia.

Uptake has, however, grown over time in some countries. For example, uptake of carer leave in Japan increased from 0.01% of the working population in 2014 to 0.03% of the working population in 2019. In Belgium, uptake of medical assistance leave increased from 0.03% of the working population in 2000 to 0.4% of the working population in 2019. Austria has also experienced steady growth in uptake (figure B.5) (Rocard and Llana-Nozal 2022, p. 48).

**Figure B.5 – Uptake of carer leave in Austria has grown over time**  
**Employees taking carer leave as a percentage of total labour force**



Sources: Rocard and Llana-Nozal (2022, p. 48); Schmidt and Schmidt (2022, p. 103).

## B.4 How else are working carers supported?

Other countries provide a range of supports for working carers beyond carer leave entitlements. Flexible work and part-time work can be found in various forms across different countries and was bolstered by the COVID-19 pandemic.

Increasing access to and ensuring the quality of part-time work (for example, ensuring part-time jobs are well paid and secure), while not always a policy decision that is made specifically to support carers, it is a common way that employees balance care and employment. Efforts to increase provisions for part-time work have historically been



concerned with supporting employees with family responsibilities, although much of the discourse has focused on parental care rather than care for an older person (ILO 2003; European Council 1997).

Part-time work, or at least the ability to request it, is a right in many countries (Belgium, France, Germany, Norway, United Kingdom) although the strength of this right varies (i.e. there is variation in how strong the onus is on employers to grant an employee's request to work part-time) (Hegewisch 2009). Unpaid carer leave policies are one way to enable part-time work in some countries (Austria, Germany, Netherlands, United States).

In practice, the use of part-time work to provide family care (exclusive of parental care) is limited and varies across countries. In the European Establishment Survey on Working Time and Work-Life Balance in 2004, about 9% of firms reported having employees who work part-time for family care while 18% reported the same in the United Kingdom. Even among countries with high proportions of part-time work, the number using part-time work for family care remains low (Colombo et al. 2011, p. 124).

Flexible work can mean a range of things in different countries including remote work, part-time work, alterations to hours or patterns of work and other flexible work offerings.

Between 2019 and 2020, remote work increased by about six percentage points on average across OECD countries (Rocard and Llana-Nozal 2022, p. 49). In the majority of these countries, the greatest increase occurred among women. Typically remote work is enabled through flexible working provisions but there are some countries which separate remote work out and have entitlements which solely allow employees to work remotely (Bulgaria, Malta, Netherlands) (Koslowski et al. 2022, pp. 40, 46).

Broader flexible working arrangements are also increasingly common internationally. The 2019 Work-Life Balance Directive included a right to request flexible working conditions including reduced working hours, flexible working hours and flexible locations of work (European Commission 2019). While the directive was set to be achieved across the European Union by 2022, several countries already had the right to request flexible working arrangements. Since 2007, carers in the United Kingdom have had the right to request flexible working practices including by varying the number of hours worked, scheduling of hours and location of work (Hegewisch 2009, pp. 7, 9). Several other countries have followed suit by adopting similar policies including New Zealand, Canada, Greece, Iceland, Lithuania, and Australia (Koslowski et al. 2022).

While establishing a right to request a reduction or changes to work hours or location is the most common way that countries have implemented flexible work, some have adopted other policies. Some examples of other flexible work provisions include:

- employers restricting overtime for carers (Japan)
- providing carers the legal right to refuse night shifts (France)
- a time credit to allow employees to take a career break for one year full-time or up to five years part-time (Belgium)
- emergency leave entitlements which allow employees to take short-term leave with minimal notice for unexpected emergencies (Belgium, Germany, United Kingdom) (Rocard and Llana-Nozal 2022).



## B.5 What carer leave entitlements are available?

Details of the carer leave entitlements – unpaid and paid – in other countries are outlined in tables B.1 and B.2. While the tables are not comprehensive<sup>4</sup>, they are useful guides for reading this appendix and for understanding the suite of carer leave arrangements available in other countries.

**Table B.1 – Unpaid carer leave entitlements in selected OECD countries**

| Country    | Duration              | Purpose  | Conditions  |
|------------|-----------------------|--|---|
| Australia  | 2 days per occasion   | Care for immediate family or household member with illness, injury or unexpected emergency                               | Can only be used once paid leave is exhausted   |
| Austria    | 6 months per occasion | Care for terminally ill relatives  | Can be taken as flexible work with prorated wages   |
| Canada     | 28 weeks annually     | Care for a family member with a serious medical condition with significant risk of death                                 | Requires medical certificate  |
| Germany    | 6 months per occasion | Care for a family member (up to the 2 <sup>nd</sup> degree)  | Employers with fewer than 15 employees can deny leave on reasonable business grounds<br>Can be claimed part-time  |
|            | 10 days per occasion  | Emergencies (severe illness, accident, or terminal illness) involving a family member (up to the 2 <sup>nd</sup> degree) |   |
| Hungary    | 2 years per occasion  | Care for a relative  |   |
| Japan      | 5 days annually       | Care for a family member   | 10 days leave can be taken if there are multiple care recipients  |
| Korea      | 90 days annually      | Care for a family member   | Employers can deny or change leave on a restricted basis<br>Only available in businesses with at least 30 employees<br>Can be taken in blocks of at least 30 days (but up to 10 days can be taken on a daily basis) |
| Luxembourg | 6 months per occasion | Care for a 1 <sup>st</sup> degree family member  | Requires medical certificate<br>Can take a maximum of 2 years 6 months at a time  |

<sup>4</sup> Leave entitlements not tied to providing care or only available to a subset of employees (for example, Belgium's unpaid carer leave is only available to public sector employees) are not included. Carer leave entitlements with little information available on their features were also not included.

| Country        | Duration              | Purpose   | Conditions   |
|----------------|-----------------------|---|--|
| Netherlands    | 12 weeks per occasion | Care for a 1 <sup>st</sup> degree family member who is sick and whose life is threatened in the short-term  | Can take a maximum of half working hours as leave in one or several periods<br>Employer can deny leave on serious business grounds |
| Spain          | 2 years per occasion  | Care for family (up to the 2 <sup>nd</sup> degree) due to old age, accidents, serious illness or disability | Can be extended to 3 years in extreme cases<br>Job protection is only guaranteed for the 1 <sup>st</sup> year of leave             |
| United Kingdom | 2 days per occasion   | For emergencies involving family members  | Leave can be taken for a 'reasonable' amount of time   |
| United States  | 12 weeks annually     | Care for spouse or child with serious illness   | Only available in businesses with 50 or more employees<br>Can be taken on an intermittent basis or as a reduced work schedule      |

Sources: Colombo et al. (2011); Eurocarers (2023); Fair Work Ombudsman (2023j); Rocard and Llana-Nozal (2022).

**Table B.2 – Paid carer leave entitlements in selected OECD countries**

| Country   | Duration                    | Payment           | Payer    | Purpose   | Conditions   |
|-----------|-----------------------------|-------------------|----------|---|--|
| Australia | 10 days annually            | 100%              | Employer | Care for a family or household member with an illness, injury or unexpected emergency | Combined with employees' sick leave<br>Only for full-time employees and part-time employees get prorated leave<br>Accumulates when unused                                  |
| Austria   | 1 week annually             | 100%              | Employer | Care for family member with an illness  |  |
|           | 3 months per care recipient | 55%               | State    | Care for family member  | Only available in businesses with 5+ employees<br>Can be extended to 6 months if the health of care recipient worsens substantially  |
| Belgium   | 12 months per occasion      | EUR 741 per month | State    | Constant care of a family member (up to the 2 <sup>nd</sup> degree)                   | Employers with less than 10 employees can deny leave on business grounds<br>Requires medical certificate<br>Must be taken in 1-3 month blocks<br>Can be full- or part-time |
|           | 2 months per occasion       | EUR 741 per month | State    | Palliative care   | Can be granted part-time<br>Requires medical certificate   |

| Country        | Duration                           | Payment   | Payer     | Purpose  | Conditions  |
|----------------|------------------------------------|---|-----------|--|---|
| Canada         | 15 weeks per occasion              | 55% up to EUR 595 per week  | State     | Care for a critically ill or injured person who is considered family   | Can be taken anytime in the year following certification of care needs<br>Can be broken up into weeks   |
|                | 26 weeks per occasion              | 55% up to EUR 595 per week  | State     | Palliative care for someone considered family  | Can be taken anytime in the year following certification of care needs<br>Can be broken up into weeks   |
| Czech Republic | 90 days annually                   | 60% of assessment base <sup>a</sup>                                 | Insurance | Care for a family or household member following a minimum 7-day hospitalisation                                      | Care recipient must require at least 30 days of additional care<br>Requires medical certificate<br>Employee must have been insured at least 90 days in the past 4 months<br>Employers can deny leave because of serious operational reasons |
| Denmark        | Unlimited per occasion             | 82% of sick pay ceiling   | State     | Palliative care for a spouse, cohabitant or parent   | Proof that the care recipient has 2-6 months to live is required  |
| Estonia        | 7 days annually per care recipient | 80%   | State     | Care for family member with illness  | Carer must be insured   |
| France         | 3 months once-off                  | EUR 60.55 daily or EUR 30.28 if leave is part-time                  | State     | Palliative care for a 1 <sup>st</sup> degree family or household member  | Requires 2 weeks' notice<br>Compensation is for up to 21 days<br>Can be used as reduced hours with employer agreement   |
|                | 3 months once-off                  | EUR 43.83 daily if living with partner or EUR 52.08 if living alone | State     | Care for a relative with a permanent disability of at least 80% on the disability scale or a GIR of 1-3 <sup>b</sup> | Employee must have at least 2 years work experience<br>Can be taken as reduced hours with employer agreement  |
| Germany        | 10 days per care recipient         | Average of EUR 400 total  | Insurance | To organise an acute care emergency for a close relative   | Employee must be providing long-term care support   |

| Country     | Duration                    | Payment             | Payer                                | Purpose   | Conditions  |
|-------------|-----------------------------|---------------------|--------------------------------------|---|---|
| Ireland     | 104 weeks per occasion      | EUR 220.50 per week | State                                | Full-time care  | Can be taken in several periods of at least 13 weeks<br>Employer can deny leave on reasonable business grounds<br>Care recipient must require full-time care for at least 12 months |
| Japan       | 93 days once-off            | At least 80%        | Employer (can be topped-up by state) | Care for a family member  | Employee must be insured<br>Can be taken in up to 3 blocks for one care recipient<br>Employee must have worked at least 12 months in the past 2 years                               |
| Luxembourg  | 5 days annually             | 100%                | Insurance                            | Palliative care for family members (up to the 2 <sup>nd</sup> degree)                           | Can be taken in several periods or as reduced work hours  |
| Netherlands | 10 days annually            | 70%                 | Employer                             | Care for a sick relative  | Only for full-time employees<br>Can be taken in several periods<br>Employers can refuse on serious business grounds   |
| New Zealand | 10 days annually            | 100%                | Employer                             | Care for dependent with illness   | Combined with employees' sick leave<br>Employee must have worked 6 months prior<br>Accumulates when unused  |
| Norway      | 10 days annually            | 100%                | Employer                             | Care for sick parents or spouses  |   |
|             | 60 days per care recipient  | 100%                | Insurance                            | Palliative care for family or co-resident   | Active in the labour market for the past 4 weeks  |
| Slovenia    | 7 days per occasion         | 80%                 | Insurance                            | Care for a co-resident or spouse with an illness  | Can be extended to 30 days for severe illness and 6 months in extreme cases   |
| Spain       | 2 days per occasion         | 100%                | Employer                             | Care for family (up to the 2 <sup>nd</sup> degree) with illness or other serious family reasons | Can be extended to 4 days if travel is required   |
| Sweden      | 100 days per care recipient | 80%                 | State                                | Palliative care for a relative  | Proof of terminal illness is required   |

| Country     | Duration         | Payment | Payer    | Purpose                  | Conditions  |
|-------------|------------------|---------|----------|--------------------------|---|
| Switzerland | 10 days annually | 100%    | Employer | Care for a family member | Employees can take 3 days of leave per occasion with a maximum of 10 days per year<br>Can require a medical certificate |

**a.** The assessment base is calculated using the applicant's average daily earnings over the past 12 months and is reduced if it is above certain income thresholds. **b.** GIR is a classification system which assesses 8 measures of disability and 2 measures of intellectual coherence and orientation resulting in a classification of 6 Iso-Resources Groups. GIR classifications range from 1 to 6 with 1 being the highest level of disability and 6 being the lowest.

Sources: Colombo et al. (2011); Eurocarers (2018); European Commission (2023); Employsure (nd); Fair Work Ombudsman (2023g); Koslowski et al. (2022); Republique Francaise (2022); Rocard and Llana-Nozal (2022); Vacation Tracker (2023, nd); Verde (2021).



## C. Workplace arrangements to support informal carers

### Key points

- \* **Workplace entitlements to help employees balance work and family responsibilities have developed over the last couple of decades as the number of employees with caring responsibilities has increased (reflecting in large part the increased workforce participation of women). Prior to this, entitlements were limited to personal sickness or bereavement leave.**
- \* **Workplace entitlements to support carers were developed during test cases before the Australian Industrial Relations Commission, with decisions by the Commission seeking to balance the benefits to employees and the costs to business. Through these test cases, employees gained entitlements to take:**
  - a proportion (initially five days per annum, currently uncapped) of their personal/carer leave entitlements for caring.
  - up to two days unpaid carer leave on each occasion that a member of the employee's immediate family or household required care.
- \* **Since 2009, these entitlements have formed part of the National Employment Standards. Recent changes have increased flexibility for employees caring for their families, including expanding the right to request flexible working arrangements to a broader range of employees (including carers), allowing parents to take parental leave at the same time, and introducing flexible parental leave.**
- \* **From July 2023, employees with the right to request flexible working arrangements (including carers) will be able to appeal rejected requests to the Fair Work Commission for arbitration on whether their employer genuinely rejected their request on 'reasonable business grounds' (the 'right to appeal'). A review of the right to appeal (among other recent changes to workplace relations legislation) is due by June 2025.**
  - The review will be of most value if it focuses on ways to improve the right to request flexible working arrangements and the right to appeal. The review is unlikely to be able to determine the effect that the right to appeal has had on workplace flexibility for two reasons. The effect is unlikely to be large and the wider changes to workplace flexibility induced by the COVID-19 pandemic (such as increased availability of home-based work) are likely to mask the effect.
  - The Fair Work Commission should begin surveying employees who appeal rejected requests and their employers as soon as practical to collect the data necessary to facilitate the review.

This appendix provides an overview of the workplace arrangements that support informal carers to balance their paid work and caring responsibilities (section C.1). It looks at the development and policy rationale behind the carer leave entitlements, policies and programs that support carers and influence prospective carers' decisions about paid work and caring.

It also looks at an approach to evaluating an important recent change to these arrangements – the introduction of a right to appeal rejected requests for flexible working arrangements, due to take effect in June 2023 (section C.2).

## C.1 The history of carer leave entitlements in Australia

### Paid carer leave

Up until the mid 1990s, most Australian employees did not have a leave entitlement to provide care and support to family members – about 6% of enterprise agreements included an entitlement to take carer leave (*Re Personal/Carer's Leave* [1995] AIRC 2396).

The *Industrial Relations Reform Act 1993* (Cth) introduced a requirement for the Australian Industrial Relations Commission (AIRC) to conduct a hearing to determine the basis on which an employee should be given a leave entitlement to provide care for a family member. This gave effect to International Labour Organisation Convention 156 and Recommendation 165, which concerned workers with family responsibilities.

The AIRC undertook a two-stage process to develop a leave entitlement (known as 'personal/carers leave').<sup>1</sup> In its decisions, the AIRC noted that demographic trends at that time made:

... balancing work and family responsibilities an issue of increasing importance. The role of women in the workforce has changed dramatically over time. In 1947 women constituted less than 25 per cent of the labour force. By June 1993 42 per cent of the labour force were women. (*Re Family Leave* [1994] AIRC 2078)

And that these demographic trends were resulting in families no longer conforming to a 'traditional' model of male wage earner and female full-time carer at home. The AIRC also noted that more employees will have 'dependent elders in the twenty-first century than dependent children' (*Re Family Leave* [1994] AIRC 2978).

The personal/carers leave entitlement aggregated sick leave benefits (which varied across awards, but were generally 10 days per annum (FWO nd)) with bereavement leave entitlements (again varying across awards, but generally two or three days per occasion (ACTU 2000, p. 14)). Personal/carers leave could at that time be taken when:

- the employee was ill
- the employee needed to care for a member of their immediate family or household who was ill (capped to five days per annum)
- a person in the employee's immediate family or household died (subject to an annual cap, set out in the relevant award).

---

<sup>1</sup> *Re Family Leave* [1994] AIRC 2078 and *Re Personal/Carer's Leave* [1995] AIRC 2396.



The AIRC sought to achieve a fair balance between greater flexibility for employees to better balance paid work and family responsibilities, and the need to limit the cost to business of the new entitlement (*Re Personal/Carer's Leave* [1995] AIRC 2396).

These entitlements were revised in the *Parental Leave Test Case* (2005) 143 IR 245 (*Work and Family Provisions Test Case*) by agreement between the parties to that case. The five days per year cap on carer leave was extended to 10 days and bereavement leave was returned to be a stand-alone entitlement. A similar entitlement to personal/carers leave was included in the Australian Fair Pay and Conditions Standard in 2006.<sup>2</sup>

The AIRC did not make a final decision on unpaid carer leave entitlements in *Re Personal/Carer's Leave* [1995] AIRC 2396, but made provision for unpaid leave to be taken when agreed between the employee and employer.

## Unpaid carer leave

An entitlement to unpaid carer leave was revisited by the AIRC in the Work and Family Provisions Test Case. This test case involved considering a large range of proposals from unions and employer representatives on employment conditions involved in balancing paid work and family responsibilities, including unpaid carer leave and a right to request flexible working arrangements.

In its decision, the AIRC noted:

Key life events such as partnering, family formation, home purchase and caring for parents are compressed into a shorter period placing greater demands on caregivers, who may be raising their own children and caring for elderly parents. (*Work and Family Provisions Test Case*)

The outcome of this case was an entitlement to unpaid carer leave for all employees of two days per occasion (illness or unexpected emergency), that could be taken when all paid personal/carers leave entitlements had been exhausted.

The entitlement was agreed by the parties to that test case in conciliation hearings. At the time, the AIRC did not articulate the rationale for the eligibility criteria for the entitlement, or the requirement that all paid leave must be exhausted before unpaid leave can be taken.

As with personal/carers leave, a similar entitlement to unpaid carer leave was included in the Australian Fair Pay and Conditions Standard in 2006.<sup>3</sup>

## Right to request flexible working arrangements

The Work and Family Provisions Test Case also considered an entitlement to flexible working arrangements. A broad range of submissions to the AIRC set out options for a flexible work entitlement. Common to these, the AIRC noted that 'award provisions should encourage a working environment in which employees are able to adequately discharge their family responsibilities' (*Work and Family Provisions Test Case*).

As an initial step, to trial a right to request flexible working arrangements, the AIRC provided an entitlement to all employees returning to work from parental leave to request to work on a part-time basis until the child reached school age.

The Australian Fair Pay and Conditions Standard did not provide a statutory entitlement to request flexible working arrangements.

<sup>2</sup> Part 7, Division 5 of the (then) *Workplace Relations Act 1996* (Cth) as in force between 27 March 2006 and 1 July 2009.

<sup>3</sup> Part 7, Division 5 of the (then) *Workplace Relations Act 1996* (Cth) as in force between 27 March 2006 and 1 July 2009.

## The National Employment Standards

The National Employment Standards (NES) were implemented by the *Fair Work Act 2009* (Cth). In consultation on a draft NES, the Australian Government advised that the priority was to:

... deliver NES that are fair to working people, flexible for business and promote productivity and economic growth for the future prosperity of our nation. (DEEWR 2008, p. 2)

At that time, when consulted, participants noted the importance of the NES providing a simple framework for basic rights for working Australians, while being flexible enough to cater for current and developing work arrangements.

Generally, the carer leave provisions of the NES reflected those in the Australian Fair Pay and Conditions Standard. The most significant change was removing the annual cap on using personal/carer leave for caring. In consultation on the draft NES, stakeholders raised similar concerns about the potential gendered impacts. For example, the Australian Council of Trade Unions said:

While we applaud the simplicity and the flexibility that this brings we have an ongoing concern that the gendered nature of family care in Australia could result in women with family responsibilities utilising all their personal leave to care for dependants, while men accumulate personal leave. (ACTU 2008, p. 28)

As part of the consultation process, the then Department of Education, Employment and Workplace Relations sought views on whether unpaid carer leave should only be available when paid leave was not available. The Australian Chamber of Commerce and Industry addressed this question in their submission, advising the Department that:

Employers support the long standing approach where an employee must use paid leave prior to accessing unpaid leave (which also does not accrue as unused paid leave does).

Personal leave is simultaneously a protection for employees and (in accounting terms) a liability for employers. Where the leave is actually accessed, it is absolutely appropriate that employers' leave liability be reduced...

Properly understood, unpaid carers leave is a safety net, which protects employees from the vicissitudes of fortune and clarifies their additional rights to time off where a combination of personal and family illness exhausts paid entitlements. (ACCI 2008, pp. 97–98)

The NES also introduced a statutory right to request flexible working arrangements (the 'right to request') for certain employees. The original NES provided an entitlement to request flexible working arrangement for certain employees with the responsibility to care for children.

The 2012 evaluation of the Fair Work Legislation recommended an extension of this right to other carers.

... the scope of the caring arrangements under the current provisions should be expanded to reflect a wider range of caring responsibilities. Given that an object of the FW Act is to help employees balance their work and family responsibilities by providing flexible working arrangements, and the importance of maintaining a skilled workforce who may have caring responsibilities, the Panel recommends extending the right to request. (DEEWR 2022, p. 98)

This recommendation was implemented by the *Fair Work Amendment Act 2013* (Cth). These amendments allowed all carers (as defined by the *Carer Recognition Act 2010* (Cth)) to request flexible working arrangements. Developed after the enactment of the *Carer Recognition Act 2010* (Cth), this entitlement is not limited to those who care for immediate family members or members of their household, unlike the carer

leave entitlements. Legislative amendments designed to strengthen the right to request flexible working arrangements will commence in June 2023 (section C.2).

While the carer leave entitlements of the NES have not been amended since 2009, other amendments have been made that focus on assisting employees to balance family and paid work, particularly about parental leave. These amendments have introduced greater flexibility in who can take leave, why and when leave can be taken (box C.1).

### **Box C.1 – Amendments to the NES have provided greater flexibility for employees**

The National Employment Standards have been amended several times since they were introduced in 2009 to provide greater flexibility for employees to manage family responsibilities and paid work.

- **2012:** Dad and Partner Pay was introduced, with parental leave provisions amended to (among other things) allow early commencement of unpaid parental leave and 'Keeping in Touch Days' to improve connection to the workplace.
- **2013:** Recommendations of the 2012 review of the *Fair Work Act 2009* (Cth) were implemented, including increased 'family friendly' arrangements such as the right for pregnant women to transfer to a safe job, further concurrent unpaid parental leave, and an expanded right to request flexible working arrangements covering more employees (including carers).
- **2015:** Amendments to promote discussion between employers and employees about requests for extensions to unpaid parental leave.
- **2020:** Introduction of flexible parental leave, allowing 30 days of unpaid parental leave to be taken at any time after an initial block of leave, within 24 months of a birth or adoption.
- **2022:** Amendments to promote discussion between employers and employees about requests for flexible working arrangements (already guaranteed by award provisions since 2018 for most employees), and an ability for employees to challenge employer decisions to refuse a request for flexible working arrangements or a request for extended unpaid parental leave (section C.2).

Other significant amendments to the National Employment Standards since 2009 include:

- unpaid family and domestic violence leave (2018)
- access to leave for families dealing with the trauma of stillbirths, infant deaths, premature deaths (2020) and miscarriages (2021)
- an entitlement to convert certain casual positions into permanent employment (2021) (thereby enabling these casual employees to access further workplace protections and entitlements)
- paid family and domestic violence leave (2022).

## **C.2 Evaluating changes to the right to request flexible working arrangements**

As discussed in the previous section, employees who are informal carers have had a formal right to request changes to their working arrangements since 2013 (box C.1). This right to request is also available to:

- parents or carers of children aged under 18
- people with disability

- people aged 55 and older
- people experiencing violence from a family member or providing support to someone experiencing violence from a family member.

If such an employee requests a change to their working arrangements, their employer is legally obliged to discuss the request with them and respond in writing within 21 days.

The employer may refuse the request on 'reasonable business grounds' and the employee has no right to appeal their decision.<sup>4</sup> For this reason, stakeholders have long criticised the right to request as ineffective, and some have called for employees to be granted the right to appeal employers' decisions to the Fair Work Commission (FWC) (a 'right to appeal') (box C.2).

### **Box C.2 – Some participants called for the right to request to be strengthened**

#### **Health Services Union:**

While the scope of this inquiry is confined to a consideration of informal care and support for older Australians, we also note that there are broader issues around the intersection between work and all types of caring responsibilities which need to be addressed from a legal and policy perspective. For example, the lack of an enforceable entitlement for workers to access flexible working arrangements which could accommodate caring responsibilities. (sub. 19, p. 2)

#### **Australian Nursing and Midwifery Federation:**

The right to request flexible working arrangements under the NES is manifestly inadequate at delivering workplace flexibility for workers. The provision is largely targeted at procedural matters without any access to recourse in the event a worker wishes to challenge the validity of a refusal to grant a request. The FWC is restricted to only hearing disputes pertaining to the refusal of flexible working arrangements where workers are covered by enterprise agreements or employment contracts that confer power to arbitrate the issue. (sub. 39, p. 13)

---

<sup>4</sup> An exception is if the employer has agreed, via an enterprise agreement or other means, to allow disputes to be appealed to the Fair Work Commission. This is discussed in the next section.

Employees will shortly have the right to appeal with the recent passage of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth). From 6 June 2023, the FWC will be permitted to arbitrate on whether employers' grounds for rejecting requests were reasonable. This Act also makes other changes to the right to request. It expands the definition of 'violence' in the context of eligibility for the right to request on family and domestic violence grounds and enshrines in the NES more of the procedures that employers are required to follow when responding to requests that are currently set out in modern awards.

It is important that these changes – particularly the right to appeal – are evaluated. While an evaluation is unlikely to be able to determine the effect of these changes on workplace flexibility (the reasons why are discussed in the next section), an evaluation could consider how the arrangements could be improved if the FWC collected the necessary data (also discussed below).

An evaluation should form part of the wider legislated review of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth), which is to commence by December 2024 and be completed by June 2025. Another recent set of amendments to workplace relations legislation (the *Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Act 2021* (Cth)) were subject to a legislated review on very similar terms, and that review recommended improvements to those amendments (KPMG 2022).

A similar review would be appropriate for evaluating the changes to the right to request. There is a risk that the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) contains so many amendments that a single review cannot adequately consider all of them, with the result being that little attention is paid to the changes to the right to request. That said, the Department of Employment and Workplace Relations could manage this risk by ensuring that the review is adequately resourced and that the FWC promptly begins collecting the necessary data to facilitate the review.

An alternative option would be for the General Manager of the FWC to conduct the evaluation, supported by FWC staff. The General Manager would in some ways be best placed to conduct the evaluation. The FWC would need to collect the data anyway, and the General Manager already undertakes research into use of the right to request every three years. However, the General Manager does not ordinarily evaluate or suggest improvements to workplace relations legislation, so this is unlikely to be the best solution.

## **An evaluation may find it difficult to determine the effect of the changes on workplace flexibility**

Evaluations are undertaken to determine the effect that a policy or program has had and how it might be improved. An evaluation of the right to appeal could find it difficult to determine the effect that the right to appeal has had on workplace flexibility. There are two reasons for this:

- past experience suggests that the effects will not be large
- it is being introduced shortly after the COVID–19 pandemic, and the pandemic has led to substantial changes in working practices. It will be difficult to separate the effects of the right to appeal from the effects of the COVID–19 pandemic.

### **Past experience suggests the effects will not be large**

There are three ways that the right to appeal could increase workplace flexibility.

- Channel 1: Requests for flexible working arrangements that employees would have made and employers would have previously rejected in the absence of the right to appeal that might now be successfully appealed (either by conciliation or arbitration).

- Channel 2: Employers, anticipating channel 1, might be more willing to approve requests that employees would have made in the absence of the right to appeal (either on the employee's initial request or following an internal dispute resolution process). Employees, anticipating channel 1, might also push more firmly for these requests.
- Channel 3: Employees, anticipating channel 2, might make requests that they would not have made in the absence of the right to appeal.

Applying this framework to evidence from employee surveys suggests that the maximum effect of the right to appeal would be to improve the working arrangements for about 16% of employees with the right to request in the 12 months after it is introduced.

- About 20% of employees who had the right to request (because they were a carer, parent of a child under 18, etc.), made a request in a 12-month timeframe, and about 20% of these requests were rejected or partly rejected.<sup>5</sup> If all of these requests were accepted (either through channel 1 or channel 2), about 4% of employees who had the right to request would have had working arrangements that better met their needs.
- Of the 80% of eligible employees who did not make a request, 15% reported not doing so because flexibility was not possible or available in their job for reasons including that they were 'not convinced their employer would allow it'. If these employees were to instead make requests (channel 3) and those requests were accepted (channels 1 or 2), then up to 12% more employees who had the right to request would have had working arrangements that better met their needs.

The available evidence suggests that the right to appeal would have a smaller effect. Some employees (about 4% in 2018) already have access to the right to appeal in their enterprise agreement (Productivity Commission estimate based on Workplace Agreements Database Dataset). The limited available data on these employees suggests that all three channels are weak and the overall effect of the right to appeal for these employees has been small.

Channel 3 is contingent on employers and employees anticipating channel 2, and channel 2 is contingent on employers and employees anticipating channel 1. It would not make sense for channel 2 to be strong if channel 1 was weak. Likewise, it would not make sense for channel 3 to be strong if channels 1 and 2 were weak, because it would not make sense for employees to be more willing to make requests if employers were not more willing to accept them and those employees were unwilling to appeal rejections.

We estimate that employees with access to the right to appeal made at least 43,000 requests for flexible working arrangements in 2018, and there were 35 appeals to the FWC in that year (box C.3). What does this suggest about channels 1, 2 and 3?

---

<sup>5</sup> The Australian Work and Life Index 2014 survey found that the share of people requesting flexible working arrangements in the past 12 months was 15% among people aged 55 years and over, 23% among carers and 22% among parents of children aged under 18. Combining this with the shares of employees who fall into each group suggests that about 20% of people who had access to the right to request made a request in the past 12 months (Productivity Commission estimates based on HILDA Release 20 and Skinner and Pocock (2014)). Coincidentally, the share of all employees who reported making a request was also 20%. The 2014 Australian Workplace Relations Study found that about 28% of all employees requested flexible working arrangements in the previous 24 months, which appears consistent with this finding (FWC 2015). The Australian Work and Life Index 2014 survey found that about 30% of requests were rejected or partly rejected, while the 2014 Australian Workplace Relations Study found that 14% of requests were rejected or partly rejected, leaving the employee dissatisfied in about 7% of cases (FWC 2015; Skinner and Pocock 2014). Most of these requests were not formally made with reference to the right to request, but this is unimportant – in the absence of the right to appeal, there is little incentive for employees to follow the procedures of the right to request when making requests, and each *could* have been formally requested.



Suppose that channel 2 was quite strong. For example, rather than rejecting 20% of requests, employers (fearing successful appeals) rejected only 5% of requests. This would imply at least 2,000 rejected requests in 2018 (5% of 43,000) and 35 appeals, so less than 2% of rejected requests were appealed. Even if all of these appeals were successful, this would suggest that channel 1 is weak. A useful comparison is that about 10% of dismissals result in a successful claim for unfair dismissal being made.<sup>6</sup> But, as previously explained, it doesn't make sense for channel 2 to be strong if channel 1 is weak, so channel 2 is unlikely to be this strong.

Suppose instead that channel 2 was very weak, i.e. suppose that employers continued rejecting 20% of appeals after the right to appeal was introduced. This would imply at least 9,000 rejected requests in 2018 (20% of 43,000) and 35 appeals, so that less than 0.5% of rejected requests were appealed. This very weak channel 1 is consistent with a very weak channel 2, and so provides a more plausible explanation for the data. It also suggests that the overall effect of the entitlement on workplace flexibility has been small, because if channels 1 and 2 are weak then channel 3 is weak too.

Further, it would be unsurprising for channel 1 to be weak. Appealing a rejection to arbitration is time-consuming and financially costly for an employee who is not represented by a union. We are aware of only four appeals that have proceeded to arbitration since the right to request was introduced in 2010, and these took between five and 15 months to be resolved (two in favour of the employee, one in the favour of the employer, and one partly in favour of each party).<sup>7</sup> Employees also risk a breakdown in their relationship with their employer if they appeal a rejection, thereby making their working arrangements more strained (the opposite of the intended outcome). Consistent with these points, Carers NSW noted:

... carers report to Carers NSW that where flexible working requests have been denied, they have been too scared to take action available through the Fair Work Commission against their employer as they are dependent on their ongoing income, or because they have felt disempowered and unlikely to win against a big corporate employer. (sub. 20, p. 12)

<sup>6</sup> In 2021-22, there were 13,096 unfair dismissal claims lodged with the FWC (FWC 2022). In 2014-15 (the most recent year for which data is available) 26% of claims that proceeded to arbitration were decided in favour of the employee (PC 2015). Assuming this rate holds for all unfair dismissal claims lodged with the FWC implies that there were about 3,500 successfully appealed unfair dismissal claims in 2021-22. Meanwhile, about 25,000 people lost their job due to dismissal in the 12 months to February 2022 (ABS 2022c).

<sup>7</sup> *Australian Municipal, Administrative, Clerical and Services Union v Brimbank City Council* [2013] FWC 5; *The Police Federation of Australia (Victoria Police Branch) T/A The Police Association of Victoria v Victoria Police* [2018] FWC 5695; *The Police Federation of Australia (Victoria Police Branch) T/A The Police Association of Victoria v Victoria Police/Chief Commissioner of Police* [2021] FWC 5983; *The Police Federation of Australia (Victoria Police Branch) v Chief Commissioner of Police T/A Victoria Police* [2022] FWC 2223.

### **Box C.3 – Estimates of requests and appeals**

There were at least 43,000 rejected or partly rejected requests for flexible working arrangements in cases where the right to appeal existed in 2018.

- About 11% of employees who were covered by an enterprise agreement had the right to appeal granted by that enterprise agreement – or about 400,000 employees (Productivity Commission estimate based on the Workplace Agreements Database Dataset).
- About 54% of employees covered by an enterprise agreement had the right to request (because they were a carer or had a school-aged child, etc), which equates to about 216,000 employees with the right to request and the right to appeal (Productivity Commission estimates based on HILDA Release 20).
- About 20% of employees with the right to request made a request in a 12-month period, which suggests that about 43,000 requests were made by employees who had the right to request and right to appeal. As employees who have the right to appeal might be more willing than otherwise to make requests, we expect that at least 43,000 requests were made by employees who had the right to request and right to appeal.

In 2018-19, there were 35 appeals to the FWC. Only one of these appeals proceeded to arbitration (decided in favour of the employee) (FWC 2021). The result of the other appeals, which were resolved via conciliation, is unknown.

That said, the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) opens employers up to civil penalties for rejecting requests on grounds subsequently deemed to not be reasonable, which adds to their incentive to approve requests. The pre-June 2023 arrangements do not allow for this in cases where the right to appeal is provided for in an enterprise agreement or via other means. This aspect of the right to appeal may lead to somewhat larger impacts than it has had so far.

### **COVID-induced changes to working arrangements will confound analysis of cause and effect**

The COVID-19 pandemic led to much larger changes to working arrangements than those expected from the right to appeal.

The share of employees working from home some or all of the time increased from 32% in August 2019 to 46% in April 2022. And when surveyed about their long term plans in June 2022, 21% of businesses indicated they intended to reduce access to home-based work and 12% said they intended to increase it further (Ai Group 2022). The pandemic has made working hours more flexible too – the share of employers reporting that they offer flexible working hours increased from 67% in 2019-20 to 81% in 2020-21 (WGEA 2022).

These changes are likely to have substantially affected employee requests for flexible working arrangements and employer responses. Prior to the COVID-19 pandemic, about 60% of granted requests included changes to start or finish times and about 20% of granted requests included home-based work (FWC 2015), both of which have become more widely available since the pandemic. Both these types of flexible working arrangements could assist carers to balance paid work and care.

It will, therefore, be challenging to evaluate the effect of the right to appeal on workplace flexibility. The employee surveys drawn on in the previous section – the main source of evidence about the right to request – all predate COVID-19. If similar surveys were to be run after the advent of the right to appeal, it would be difficult to attribute



changes in employees' propensity to request flexible working arrangements and employers' willingness to accept requests to the right to appeal as COVID-induced changes might be the main reason.

## **The evaluation should focus on improving the arrangements, rather than assessing their effect on workplace flexibility**

Because it will be difficult for an evaluation to determine the effect of the right to appeal on workplace flexibility, its purpose should instead be to consider improvements to the right to request and right to appeal.

### **Improvements to administrative processes**

The right to request has benefited from incremental changes to employers' procedural obligations following receipt of a request. For example, in 2018 the FWC added a clause to all awards that requires employers to discuss requests with the employee and genuinely try to reach agreement prior to issuing a written response.<sup>8</sup> Employee representatives have subsequently indicated that employees have a positive view of employers' procedural obligations following receipt of a request (FWC 2021).

The right to appeal might similarly be improved by changes to administrative processes. Conciliation and arbitration are time-consuming and costly for all parties so arrangements should aim for a speedy and low-cost resolution. For example, the evaluation could consider whether:

- a sufficient body of case law concerning what amounts to 'reasonable business grounds' for refusing a request exists to issue guidance to employers and employees (if the evaluation does not recommend changing the 'reasonable business grounds' criterion, as discussed in the next section)
- processes for moving from conciliation to arbitration are fit-for-purpose.

The FWC should survey employees who appeal cases and their employers about their level of satisfaction with the process and their views on how it could be improved. There is precedent for this – the FWC routinely surveys tribunal participants to report on satisfaction with its processes (and the results of these surveys are in its annual reports (FWC 2022)). The surveys should also ask about the type of flexible working arrangement the employee was seeking and how their appeal was resolved (this information is not otherwise collected unless the case proceeds to arbitration).

### **Changes to the 'reasonable business grounds' criterion**

An evaluation should also contemplate changes to the 'reasonable business grounds' criterion or the associated guidance in the *Fair Work Act 2009* (Cth).<sup>9</sup> This could be in a 'neutral' way to clarify ambiguities without substantially altering the threshold for employers to be able to refuse requests. But changes to the threshold for rejecting requests could also be considered. For example, the Senate Select Committee on Work and Care recommended that the reasonable business grounds criterion be replaced with a stronger 'unjustifiable hardship' criterion, which would reduce employers' scope to refuse requests (SSCWC 2023).<sup>10</sup>

<sup>8</sup> 4 yearly review of modern awards – Family Friendly Work Arrangements [2018] FWCFCB 6863.

<sup>9</sup> The Act specifies five general examples of reasonable business grounds.

<sup>10</sup> The 'unjustifiable hardship' criterion is used in federal disability discrimination law – the *Disability Discrimination Act 1992* (Cth) requires employers to provide workplace adjustments to meet the needs of an employee with a disability unless doing so would place unjustifiable hardship on them.

The current threshold was established in expectation that there would be no widespread right to appeal, and FWC arbitration has drawn on eight principles established in a 2018 decision that make little reference to wider societal goals (box C.4).

There are two ways that the threshold could be set.

- *Balance the costs to employers against the benefits to employees.* The FWC should find in favour of the employee in cases where the benefits to them would exceed the costs (broadly conceived) to the employer. While this approach is about getting the most efficient outcome for the case at hand, it has two downsides. First, it is not clear how the FWC could conclude that the benefits to the employee are greater than the costs to the employer (or vice versa). Second, this test may not result in efficient outcomes in the longer term, as it has no regard to the risk that making it too hard for employers to refuse requests will result in downward pressure on the wages for the types of people who are statistically most likely to make requests (such as women (Skinner and Pocock 2014)) or disincentivise employers from hiring them. This approach bears superficial similarity to the approach generally taken by the FWC, as principle 6 references managers' needs to weigh the employee's 'personal circumstances' with the costs to the business. Yet decisions have differed on this point, with a 2021 decision considering the effect of the desired working arrangements on the employee and a 2022 decision considering that the employee's personal circumstances were only significant to the extent that they entitled them to request flexible working arrangements.<sup>11</sup>
- *Maximise access to flexible working arrangements subject to avoiding adverse employment consequences in the long run.* The FWC should find in favour of the employer in cases where it considers that the costs to the employer are sufficiently high to make it not in their interest to have ever hired the employee at their current rate of pay and with the desired flexible working arrangement in place.<sup>12</sup> This approach seeks to retain employers willingness to hire employees who they think might want flexible working arrangements, as employers could have confidence that the right to appeal would not make them regret a decision to hire a particular employee. It might also be simpler to operationalise than the 'balance costs and benefits' criterion. A downside is that it would not necessarily obtain the most efficient result for the case at hand because it does not take into account the benefit of the arrangement to the employee.

Neither of these thresholds is necessarily stronger or weaker than the other. For example, a full-time receptionist who wanted to work from their elderly mother's house one day per week while her regular carer was unavailable would be more likely to have the arrangement approved under the first threshold than the second. The arrangement would clearly be valuable for the receptionist and costly for their employer – while the receptionist could still answer phone calls and perform administrative tasks remotely, another employee would need to cover the reception desk. Arbitration might find that the benefits to the receptionist exceed the costs to their employer, but would likely find that the employer would not have hired the receptionist with the arrangement in place. But if the same receptionist was a notably competent employee and instead wanted to work from her elderly mother's house one day per week to assist with buying groceries during their lunch break, then they would be more likely to have their arrangement approved under the second threshold than the first. Arbitration would be less likely to find that the benefits to the receptionist exceed the costs to the

---

<sup>11</sup> *The Police Federation of Australia (Victoria Police Branch) T/A The Police Association of Victoria v Victoria Police/Chief Commissioner of Police* [2021] FWC 5983; *The Police Federation of Australia (Victoria Police Branch) v Chief Commissioner of Police T/A Victoria Police* [2022] FWC 2223.

<sup>12</sup> As the intent of this test is to gauge the effects of the decision on wage and employment in the long run, this test should acknowledge that while relevant anti-discrimination law might prohibit the employer from not hiring the employee this is not enforceable in all cases.

employer (the receptionist could instead assist with groceries on weekends), but more likely to find that the employer would have hired the receptionist with the arrangement in place given their high competence.

To provide the evaluation with adequate data to consider whether the ‘reasonable business grounds’ criterion or the associated guidance should be changed, the FWC should:

- survey employers and employees whose cases have been arbitrated about which relevant aspects they think that the FWC failed to adequately consider when arbitrating their case and why
- survey employers whose cases have been arbitrated about whether they would still be willing to hire the employee with their desired flexible working arrangement in place
- collect administrative data that can be linked to these (and other) survey responses on the outcome of appeals.

#### **Box C.4 – Principles the Fair Work Commission has applied during arbitration**

In a 2018 decision about whether the Victoria Police reasonably rejected a detective senior constable’s request for flexible working arrangements, the FWC established eight principles pertinent to a decision to refuse or cut back the scope of a request that has been made. Subsequent decisions have drawn on these principles.

1. Consideration must be given to an assessment of whether the request was made is actually a request for a flexible working arrangement.
2. The employer is obliged to give a written response to the request, within 21 days of it being made.
3. The legislation requires that an employer may refuse a request only on reasonable business grounds. There needs to be an objective basis for those grounds.
4. The ‘refusal’ of a request is when it is communicated to the applicant that the request is not agreed, and the reasonable business grounds upon which the refusal rests are those communicated at the time.
5. The intent of the legislation, as well as the intent of a flexible working arrangement clause, is to provide for flexible working arrangements.
6. There is a need for managers to weigh the personal circumstances relied upon by the employee against the extent of cost and impact on the business of allowing the request.
7. Since almost all requests will result in some cost from the proposed arrangement, it will generally be insufficient for an employer to simply point at cost as being a reason for refusal.
8. It follows from the foregoing that it will be necessary for the employer to point to some cost over and above what may be regarded as inevitable small adverse impacts. ([2018] FWC 5695 at 24 [45])



## D. Effects of the entitlement on work and care

### Key points

- \* Between 7,000 and 17,000 employees would use the entitlement to extended unpaid leave to care for an older person. This equates to between 3% and 7% of working-age carers of older people, and between 5% and 10% of the population of employed carers of older people. These estimates are broadly aligned with the number of users of similar unpaid leave entitlements in other countries.
- \* Many informal carers who are working do not want to take extended unpaid carer leave – it comes at a high personal cost, including to household income. Most carers prefer to continue working in some capacity while exercising options such as working part-time, using existing paid leave arrangements, and accessing flexible working arrangements.
- \* The entitlement is expected to lead to a net reduction in paid work of about 0.5–1.5 months for each entitlement user. Entitlement users who would otherwise remain in paid work would work less – they would cease work for an estimated 2–3 months on average while on leave. Entitlement users who would otherwise quit paid work would work more because they would have an easier path back to work. But this would only boost the amount of paid work undertaken by about 1.5 months for each user. This is because only about 25% would return to their job and most of those would have found another job had they quit work instead of taking leave.
- \* An extended unpaid leave entitlement to care for older people is expected to increase the informal care provided by the 4,000 to 8,000 entitlement users who would otherwise remain in paid work. As such the total care provided to older people would not increase substantially.

This appendix answers three questions about the entitlement to extended unpaid carer leave (the entitlement) for carers of older people.

- How many people would use the entitlement?
- How would the entitlement affect paid work?
- How would the entitlement affect informal care?

## D.1 How many people would use the entitlement?

There are three groups of potential users of an entitlement to extended unpaid leave to care for an older person:<sup>1</sup>

- people who would have taken an extended period of unpaid leave even in the absence of an entitlement<sup>2</sup>
- people who continued to work but who would have taken extended unpaid carer leave if there had been an entitlement
- people who quit their job but who would have taken extended unpaid carer leave if there had been an entitlement.

Based on data from the Household Income and Labour Dynamics in Australia survey (HILDA)<sup>3</sup> and the Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers (SDAC), between 7,000 and 17,000 people would have used an entitlement to extended unpaid carer leave to care for an older person in 2018. This is made up of:

- between 4,000 and 8,000 people who continued to work but would have taken extended unpaid leave if there had been an entitlement
- between 3,000 and 9,000 people who quit their job to care but would have taken extended unpaid leave if there had been an entitlement.<sup>4</sup>

This is in addition to the 3,000 people who were already taking extended unpaid carer leave (box D.1). These estimates, while based on 2018 survey data, give an indication of the number of people who would be expected to use the proposed entitlement each year if it was introduced into the National Employment Standards (NES).

The expected uptake of the entitlement is equivalent to between 3% and 7% of working-age carers of older people, and between 5% and 10% of the population of employed carers of older people. These estimates broadly align with the number of people who use similar unpaid entitlements in other countries.

---

<sup>1</sup> There may also be a fourth category – people who, because the entitlement is available, are induced to enter paid work and subsequently use the entitlement. This group of users would not be in paid work in its absence. We have not analysed this category because it is likely to be a very small group. Skira (2015) found that this category of entitlement users would have been trivially small when compared with the other groups of entitlement users.

<sup>2</sup> Because this group are not affected by an entitlement to extended unpaid leave for caring (they already had access to leave) they are not discussed further in this appendix.

<sup>3</sup> This report uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA project was initiated and is funded by the Australian Government Department of Social Services (DSS), and is managed by the Melbourne Institute of Applied Economic and Social Research (the Melbourne Institute). The findings and views in this report, however, are those of the Commission and should not be attributed to either DSS or the Melbourne Institute. Further information on the design of HILDA can be found in Watson and Wooden (2012).

<sup>4</sup> In HILDA, a main carer is a person who provided the most care to the recipient. In the context of this appendix, the care recipient is a parent, parent-in-law or spouse aged 65 and over. In the ABS Survey of Disability, Ageing and Carers, 'primary carers' are those who provided the most informal help with a core activity (self-care, mobility and communication) to a care recipient. 'Other carers' include any carer who is not a primary carer. 'Non-carers' do not provide any care to an older person.

### **Box D.1 – Existing access to, and use of, extended unpaid carer leave**

About 3,000 main carers of older people took 30 or more days of unpaid leave in 2018, either as a block or in smaller increments (such as more than 15 occasions of unpaid personal/carer leave), based on analysis of HILDA survey data for the period 2005 to 2020 (Productivity Commission estimates based on HILDA Release 20).

Some employees already have access to extended periods of unpaid carer leave. For some employees it is available as a workplace entitlement. For example:

- Carers NSW reported that four employers accredited through its 'Carers + Employers' network are all currently offering carer leave in excess of the NES entitlements, with most offering unlimited unpaid carer leave (sub. 20, p. 16).
- Coles, a supermarket chain, allows up to 12 months of unpaid leave for a range of reasons to all their salaried employees, including to care for an older person.

Employer groups reported that unpaid leave arrangements were negotiated between employees and employers informally on a case-by-case basis. For example, the:

- Chamber of Commerce and Industry Queensland said that it '... is common for businesses to negotiate with their employees on the terms and conditions required for unpaid leave for caring responsibilities' (sub. 16, p. 3).
- Australian Retailers Association said that its small business membership approached requests for carer leave on a 'case-by-case basis' (sub. 14, p. 1).

Perhaps because of the informal nature of unpaid leave arrangements, there is little information available about how many employers offer extended unpaid carer leave whether by a workplace policy document, employment contract or on request by an employee. Very few enterprise agreements (which cover about 35% of employees) appear to contain an entitlement to extended unpaid carer leave. The Commission randomly sampled 500 enterprise agreements (of the 8,638 federal enterprise agreements current as at 30 June 2022) and none of the sampled agreements had an entitlement to extended unpaid carer leave (this suggests a 99% confidence interval for the share of agreements containing the entitlement is 0–1%).

### **People who continued to work who would have used the entitlement**

To estimate the number of people who continued working in their job in 2018 who would have instead taken extended unpaid carer leave had there been an entitlement, the Commission drew on responses to the 2018 SDAC.

The SDAC asks respondents (carers and non-carers) whether they 'made use of' special work arrangements (work arrangements that allow employees to balance their paid work and care commitments, such as paid and unpaid leave) and whether they would have liked to have 'made more use' of unpaid leave in the last six months to help them with their caring responsibilities.

Based on survey responses (scaled to the Australian population), about 26,000 employees wanted to 'make more use of' unpaid leave 'in the previous six months to help care for someone' during 2018.<sup>5</sup> Of these employees, about 6,000 were primary carers, 6,000 were other carers and the remaining 14,000 were not carers.

Of the 6,000 primary carers who wanted to make more use of unpaid leave, about 1,500 (or about one quarter) said they were caring for a person aged over 65. Of the 6,000 other carers and 14,000 non-carers who would take up unpaid leave, we assumed that similarly about a quarter would care for a person over 65.

On this basis, about 1,500 primary carers, 1,500 other carers and over 3,000 non-carers would have liked to have made more use of unpaid leave in the previous six months to help care for someone aged over 65.

- The lower bound estimate of 3,000 potential leave takers is made up of 1,500 primary and 1,500 non-primary carers. These entitlement users would not have ceased paid work to provide care because the question they responded to was about the previous six months and is only asked of employees. These entitlement users would have already had access to two days of unpaid carer leave per occasion under the NES, which suggests that when they indicated that they wanted to 'make more use' of unpaid leave to provide care it was about taking a more extended period of leave.
- The upper bound estimate of more than 6,000 carers is made up of 3,000 primary and non-primary carers, and over 3,000 people who were not carers who were in paid work but who would have used an entitlement in a six-month period in 2018 had it been available. The ABS collects little data about people who were not carers, but they could be people who would temporarily relocate to provide care or would take the opportunity to take a break from work to provide care.

The estimated range of between 3,000 and 6,000 people was further adjusted (re-scaled by four thirds) to give an annual estimate of 4,000 to 8,000 because overseas experience suggests that the average leave duration over a 12-month window is about three months, but since the question in the SDAC only captures potential entitlement use over the previous nine months, it was necessary to re-scale the estimate by four thirds so that it covered a 12-month period.<sup>6</sup>

### **People who quit their jobs who would have used the entitlement**

The Commission used the HILDA survey (over the years 2005 to 2020) to identify the upper and lower bound estimates of the number of people who quit their jobs in 2018 who would have instead used the entitlement if it was available.

For the purpose of this analysis, to qualify as a potential entitlement user, each person must have been:

- the main carer to a spouse, parent or parent-in-law older than 65 years<sup>7</sup>
- employed the year before as either a permanent employee, or as a casual employee who was employed for at least one year with the same employer
- not currently employed.

To estimate a lower bound, a fourth criterion was applied: a person was included if the reason why they left their job from the year before was 'to stay home to look after children, the house or someone else'. These

---

<sup>5</sup> This excludes people who were self-employed.

<sup>6</sup> The method of extrapolating the additional number of people wishing to take unpaid leave, from the previous 9 months to the previous 12 months, assumes that there were people between the 9 month and 12 month window who would have wanted to take unpaid leave were it available. It also assumes that by extrapolating the period, there is no implicit change to the duration of the entitlement that might influence the original cohort intention to take unpaid leave.

<sup>7</sup> For an explanation of the difference between a 'main' and 'primary' carer, see footnote 4.



people are highly likely to have taken up a leave entitlement because they quit their job due to caring responsibilities.

To estimate the upper bound, a different fourth criterion was applied. A carer was included if they left their job from the year before:

- because of retirement, sickness, injury or disability
- to stay home to look after children, the house or someone else
- to travel or holiday, return to study
- because of spouse or partner work transfer
- work involves too much travel time, or
- because of lifestyle change.

Although eligible for the entitlement (because they were the main carers of an older person), people in this group may be less likely than the lower bound group to take up the entitlement because:

- their caring role is less likely to have been front of mind when deciding to quit their job, so they may not have considered taking extended unpaid carer leave
- some would have considered retiring.

On this basis, we estimated a lower bound estimate of about 3,000 employees and an upper bound estimate of about 9,000 employees, with a mid-point of 6,000 employees.

### **Total number of people who would have used the entitlement**

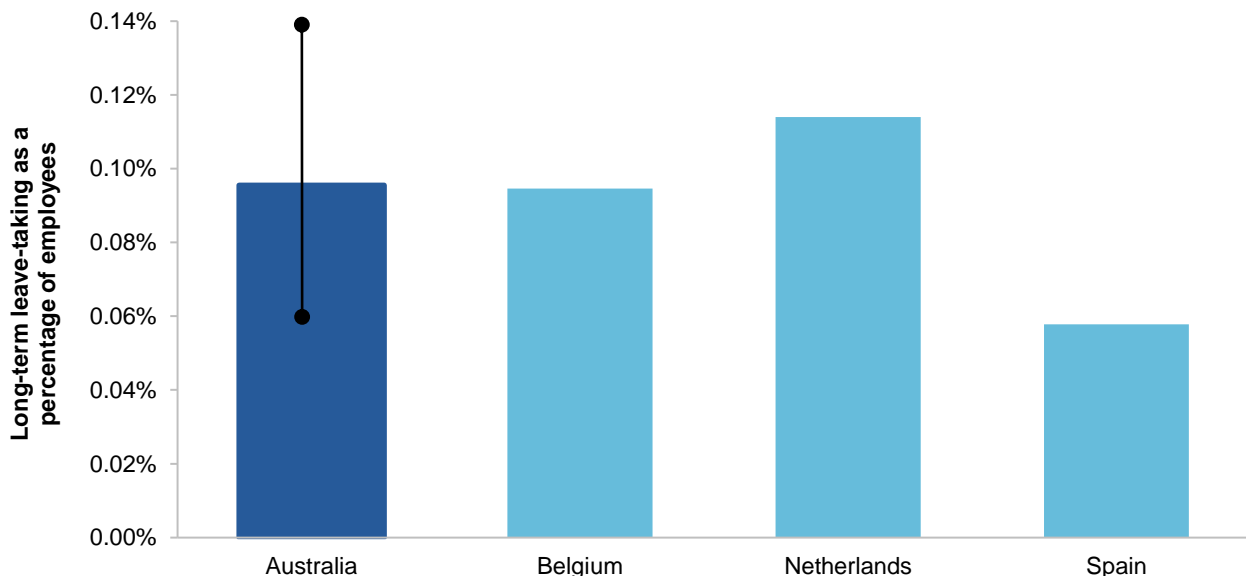
Adding the two sets of estimates – employees who continued to work and who would have used the entitlement and those who quit their job who would have used the entitlement – gives a range of between 7,000 and 17,000 and a mid-point of 12,000 potential additional leave takers (over and above the 3,000 who were already granted unpaid leave for caring).<sup>8</sup> This is equivalent to about 7% of all employed carers of older people who are in the workforce, 5% of all working-age carers of older people, 0.11% of private sector employees, and 0.1% of all Australian employees in both 2018 and 2022.

### **Overseas evidence**

While there is very little data on the number of employees who take up unpaid leave in the countries that offer it (Rocard and Llana-Nozal 2022), the uptake in jurisdictions for which data is available is similar to our estimates for Australia (figure D.1).

<sup>8</sup> The estimated 12,000 potential leave takers are for 2018 and are used as the basis for subsequent analyses in this appendix and for the cost–benefit analysis in appendix E. If the proportion of potential leave takers in the population remained unchanged, potential leave takers would have increased by about 200 by June 2022 (Productivity Commission estimates based on ABS (2022d)).

**Figure D.1 – Estimated uptake of leave entitlements, Australia and overseas<sup>a,b</sup>**



**a.** The 5% to 95% confidence interval and estimate for Australia are for 2018. The Belgium estimate is for private sector employees in 2021. The Netherlands estimate is for 2019. The Spain estimate is for 2019. **b.** Proportion of people estimated to take unpaid leave for at least one month. Excludes carers exercising their rights to reduce their work hours in Belgium and the Netherlands.

Sources: Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0); den Dulk and Yerkes (2022); Eurostat (2022); HILDA (Release 20); Meil et al.(2020); Mortelmans and Fusulier (2022); OECD (2012); Statista (2022a).

However, there are also differences with each country's entitlement which should shape the interpretation of the findings. Each of the listed countries allow carers to take time off work for reasons other than to care for older people. And the uptake of unpaid leave is often reported in terms of carers, which is substantially higher than when reported for all employees. For example:

- In Belgium, about 140,000 (or 3% of) private and public employees in 2021 took advantage of the time credit/career break system which allowed them to scale back their hours to part-time for up to 24 months or to have a complete break (unpaid leave) from work for 12 months, allowing them to care for dependents and family members. However, only 4,000 of the 99,000 private sector employees who took advantage of the time credit/career break system opted to take a complete break from work: most employees preferring to scale back to part-time work (Mortelmans and Fusulier 2022, pp. 113-114).
- In the Netherlands, 1% of employed informal carers who are women and 2% of those who are men took long-term unpaid leave to care for dependents. This included both caring for children and older family members in 2019 (den Dulk and Yerkes 2022, p. 376).
- In Spain, the number of informal carers taking unpaid leave increased from 3,300 in 2005 to 11,500 in 2020 (Meil, Lapuerta and Escobedo 2020, p. 482), which represented less than 1% of all employees.

When you consider these specifics, our estimates for the proportion of employees who would use the entitlement to take time off to care for an older person in Australia are similar but likely higher than the rates in other countries.

## Why is the uptake of the entitlement expected to be low?

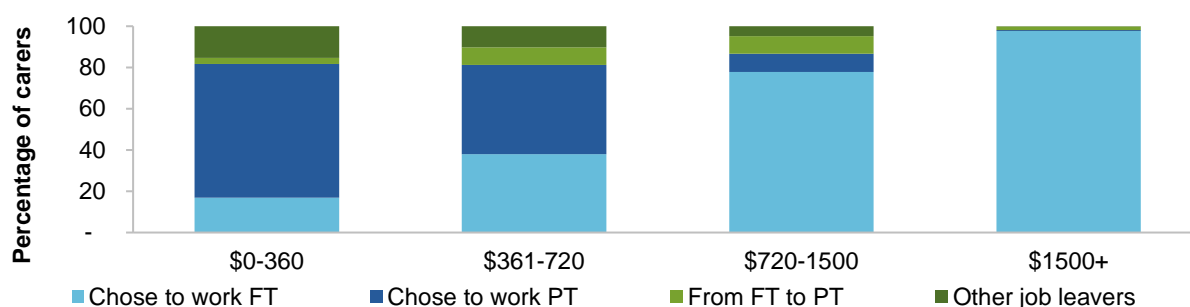
We expect uptake of the extended unpaid leave entitlement would be low for three main reasons.

First, the pool of employees who would take leave for up to one year to care for an older person is small. There were 2.6 million carers in Australia in 2018 – 428,000 were carers of people aged 65 and over, and of these 161,000 were primary carers employed on a full- or part-time basis. And just 23,000 of these carers reported providing care for up to one year.<sup>9</sup>

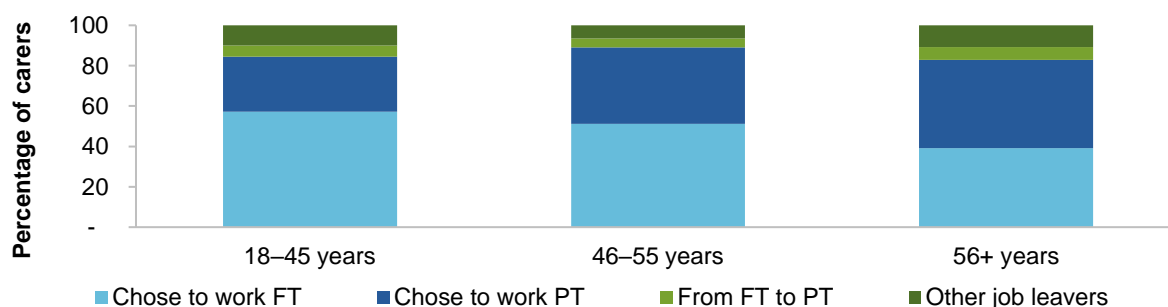
Second, most employed carers of older people chose to continue working while providing informal care. HILDA data shows that most employees in Australia continued to work full- or part-time while providing care, while some employees opted to reduce their hours from full-time to part-time or to exit employment (figure D.2).

**Figure D.2 – Change in carers' employment status with caring responsibilities<sup>a,b</sup>**

### a) Own weekly wage and salary



### b) By age of main carer



**a.** 'Chose to work (FT)' and 'Chose to work (PT)' are carers who chose to work full- or part-time when they could have quit their jobs to provide care. 'From FT to PT' are persons who reduced their hours from full-time to part-time employment in the year of caring. 'Other job leavers' are workers who left work to provide care but were not estimated to take up unpaid leave. **b.** A main carer is a person who provided the most care to the recipient. In the context of this appendix, the care recipient is a parent, parent-in-law or spouse aged 65 and over in HILDA.

Source: Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0) and HILDA (Release 20).

<sup>9</sup> Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0).

The choice to continue working is in part influenced by income. The highest income earners (figure D.2a) were most likely to continue working full-time reflecting both the higher foregone income were they to stop working and their ability to supplement their caring role with paid help. The choice to continue working is also influenced by the carer's age. Older workers were more likely than other workers to quit working as they approach retirement (figure D.2b). This may reflect that some older workers have fewer financial pressures than younger workers, with children now independent and their mortgage mostly paid off.

A number of participants confirmed that unpaid leave led to financial difficulties or was simply unaffordable for many carers (Dementia Australia, sub. 12, p. 15; Women Lawyers Association of Queensland, sub. 4, p. 3; Zonta Club TGC, sub. 10, p. 6). Yet most people who quit work to provide care to an older person have low personal weekly wages and salaries (up to \$360 each week the year before they quit) (figure D.2a) and come from relatively modest household incomes (figure D.4). For these people to quit work, they would either need support from other household income and/or receive either the Carer Payment, Allowance and Supplement (at \$536.65 per week) or the JobSeeker payment (at \$334.20 for the basic rate) (Services Australia 2022b).

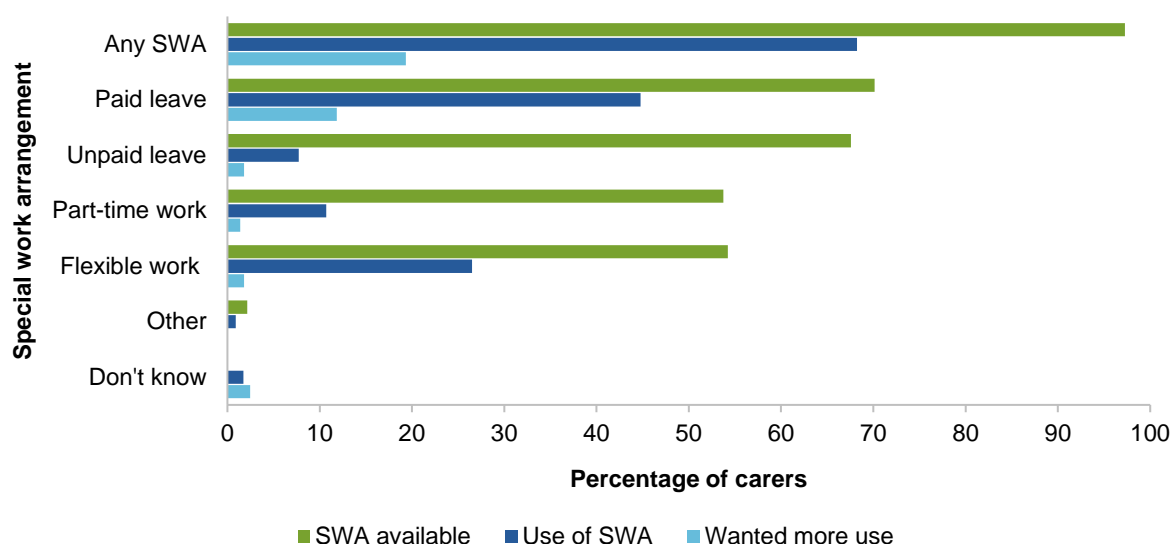
Overseas studies provide further evidence that people want to continue working while providing care. For example, Rogero-García and García-Sainz (2016) reported that the most significant obstacles to taking unpaid leave to provide care was the reduction in income and the risk of losing one's job. In a review of carers' decision-making around work and retirement in Great Britain, Arksey et al. (2005) reported that carers were reluctant to forego income, with women more likely than men to stop working or reduce their hours from full- to part-time work and men more likely to continue working. This aligns with the results from Belgium which show that of the carers who took up an entitlement to flexible work or unpaid leave, only 3% chose unpaid leave; the remainder reduced their hours.

A third reason why we expect uptake of the entitlement to be low is that many employed carers already have access to other carer-friendly workplace entitlements under the NES that allow them to balance paid work and care. For example, about 70% of surveyed employees had access to paid leave (noting that casual employees and self-employed do not usually have access to paid leave) (ABS 2019a). The Productivity Commission estimates that over the period 2017–2019, the median combined personal and annual leave balance of employed (non-casual) primary carers of older people was 42 days (the first quartile: 11 days, third quartile: 70 days) (Productivity Commission estimates based on HILDA Release 20).

In 2018, the ABS reported that 68% of all employees made use of at least one special work arrangement (such as flexible working arrangements, paid leave or unpaid leave) to provide care (figure D.3). Carers Australia reported that in 2020, 84% of all employees had used at least one form of special work arrangements (sub. 36, p. 3).

A significant component of special work arrangements was the opportunity to work flexibly (such as flexible start and finish times, working from home, and flexible work days). The ABS reported that 27% of employed carers in 2018 had used some form of flexible working arrangement. Carers Australia reported that the proportion of employees who exercised flexible start and finish times had risen to over 50% by 2020, and 30% had used work from home arrangements when providing care to older persons (sub. 36, p. 3).

The view that carers made more use of paid leave and flexible working arrangements or valued them more than unpaid leave was reflected in the submissions from carers and carer groups (Carers NSW, sub. 20, Merri Health, sub. 18). Employer groups also noted that flexible working arrangements were more commonly used than unpaid leave among employees (Chamber of Commerce and Industry Queensland, sub. 16) and that employers and employees extensively entered into informal agreements (ACCI, sub. 35).

**Figure D.3 – Availability, use and desire for special work arrangements<sup>a,b</sup>**

**a.** 'SWA available' means that a special work arrangement was available to the primary carer of someone aged 65 and over. 'Use of SWA' means that the primary carer of someone aged 65 years or over-used it in the past six months to care. 'Wanted more use' means that the primary carer of someone aged 65 years or over wanted to make more use of it in the last six months. **b.** SWA is a special work arrangement that includes paid leave, unpaid leave, part-time work, flexible working arrangements, and other arrangements. Paid leave includes paid personal and annual leave and paid carer leave. Unpaid leave includes unpaid carer leave and other forms of unpaid leave. Part-time work includes permanent part-time work, casual employment, rostered days off and shift work. Flexible work includes work from home, informal arrangements and other forms of flexible working arrangements.

Source: Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0) and HILDA (Release 20).

The findings are similar overseas. For example, Dixley et al. (2019) reported that the most important determinant of the decision to exit work in the United Kingdom was the lack of access to flexible work arrangements and formal care for older people. Arksey et al. (2005) similarly commented that:

Flexible starting and finishing times, and the ability to take time off in emergencies and for routine appointments, were particularly important. Annual leave was also helpful for appointments and other care-related activities; unpaid leave was not popular with carers (p. 156).

The view that carers preferred paid leave and flexible working arrangements to unpaid leave does not mean that they currently meet the needs of carers. Carers expressed a desire for more paid leave rather than other forms of special work arrangements (figure D.3).

However, caution should be exercised when interpreting the demand for unpaid leave. First, even though the low demand for unpaid leave is likely to reflect a preference for flexible working arrangements and paid leave, the requirement for employees to first exhaust their paid leave entitlement before taking further unpaid leave may contribute to an underestimation of the underlying demand for unpaid leave. Second, the above analysis does not include those carers who quit their jobs to provide care but would have taken up an entitlement had it been available. However, excluding these carers does not affect the general conclusion: there were about 6,000 such carers and the preceding discussion was taken from a population of 75,000 employed primary carers of older people who had used special working arrangements in last six months.

## Projecting the future demand for an unpaid leave entitlement

Over the longer-term, the number of people who would use an unpaid leave entitlement is likely to increase but remain relatively small. Demographic changes over the next four decades will increase the demand for informal care. The long-term decline in the fertility rate is predicted to increase the proportion of older people relative to working-age people (Commonwealth of Australia 2021; Deloitte Access Economics 2020). The proportion of Australians aged 65 and over is predicted to increase from 16.4% in 2019-20 to 22.8% in 2060-61 (Commonwealth of Australia 2021). Further, the age at which people are having children has increased (AIFS 2022), which is leading to progressively younger children caring for older parents. As a result, the dependency ratio (the number of 15- to 64-year-olds per older person) is predicted to fall from 4.2 in 2018-19 to 2.7 in 2060-61.

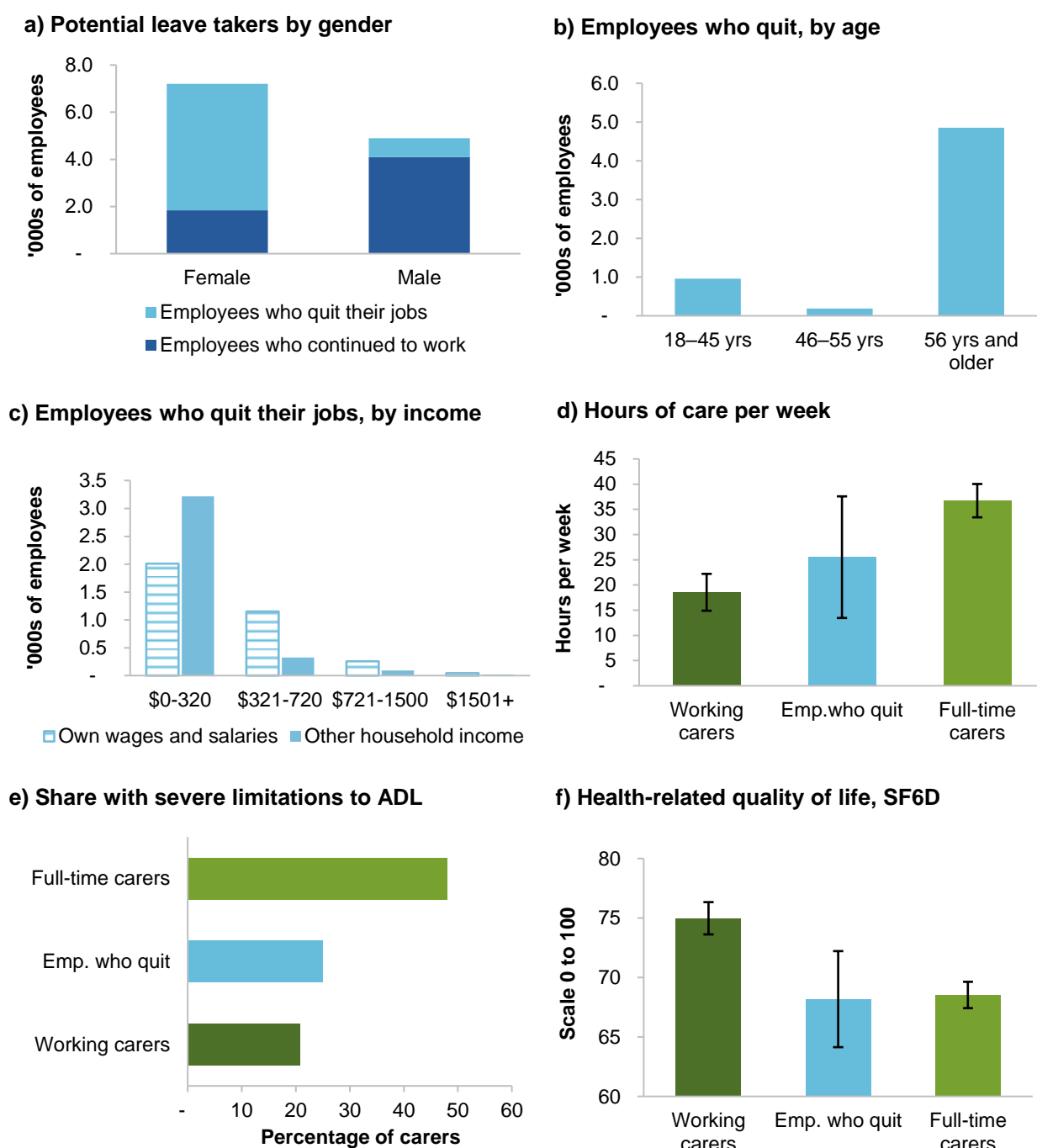
At the same time as the population is ageing, the workforce participation rates of older people are predicted to continue increasing, particularly among women. For example, the workforce participation of 50- to 54-year olds is expected to increase from 82.8% in 2019-20 to 87.5% in 2060-61. For 60 to 64-year olds, it is expected to increase from 58% in 2019-20 to 65.8% in 2060-61 (Commonwealth of Australia 2021, p. 36). This means that carers are more likely to have ongoing connections with the workforce for longer, and therefore an increased demand for unpaid leave.

Demand for part-time and flexible working arrangements has been growing and is likely to continue to grow relative to the demand for unpaid leave. The proportion of men and women working part-time has been steadily rising since 1978 (Commonwealth of Australia 2021, p. 42), the COVID-19 pandemic significantly altered attitudes towards flexible work and working from home arrangements (Commonwealth of Australia 2021, p. 41; Productivity Commission 2021), and the recently introduced changes to the right to request flexible working arrangements will allow employees to appeal denied requests to the Fair Work Commission.

## Who would use the entitlement?

Using the small number of survey responses to SDAC and HILDA, we can observe some patterns in the characteristics of the users of the entitlement. Most (about 60%) were women and over half had quit their jobs to provide care (figure D.4a). Of the employees who quit their jobs to provide care and who would have taken up an entitlement had it been available:

- most were between the ages of 56 and 65 (figure D.4b), although at the time of the survey, most in this age group could access their superannuation (but no longer)
- most earned up to \$720 per week the year before they commenced caring (figure D.4c)
- they provided more hours of care each week before quitting work than working carers (figure D.4d)
- fewer were caring for older people with severe limitations to activities of daily living than full-time carers, noting the small number of observations (figure D.4e)
- they exhibited relatively low health-related quality of life compared with working carers and comparable with full-time carers (figure D.4f).

**Figure D.4 – Demographic characteristics of potential leave takers<sup>a,b,c,d,e</sup>**

**a.** 'Own wages and salaries' of the carer each week. 'Other household income' is equal to the weekly total household income less the carer's weekly 'own wages and salaries'. **b.** 'Employees who quit their jobs' are persons who worked in Year 0, quit work in Year 1 and would have taken a leave entitlement if it were offered to them. 'Working carers' are persons who continued to work and provide care to older people rather than stop working while providing care. 'Full-time carers' are people who never worked and provided care instead. **c.** SF6D refers to the Short Form 6 Dimension index of health and wellbeing developed from the RAND Corporation health-related quality of life survey instrument SF-36, using UK population weights. It provides a scale of 0 to 100 representing the quality-adjusted life year of the individual. **d.** ADL refers to activities of daily living, such as self-care. **e.** 5% to 95% confidence intervals.

Source: Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0) and HILDA (Release 20).



HILDA data also provides the opportunity to examine the uptake of the leave entitlement for groups of carers based upon their care journey. Since HILDA is a longitudinal dataset that follows carers over time, it is possible to observe the patterns of each person's care journey between 2005 and 2020. Following the statistical method described in Nagin (2014) and Nagin and Odgers (2010),<sup>10</sup> we observed four distinct carer journeys:

- infrequent carers – people who provided little or no care to an older person, and those who did so in their later years. This was the most populous group identified in the analysis, accounting for over 90% of people in the dataset, or the equivalent of about 7.6 million people in 2018<sup>11</sup>
- early carers – people who took up caring responsibilities for a parent or parent-in-law from their 20s and 30s, and who continued to provide care until their later working years. The probability that members of this group reported caring for an older person increased over time. This group accounted for less than 1% of all people, or the equivalent of about 43,000 people in 2018
- middle carers – people who took up caring responsibilities in their 40s and early 50s. The frequency with which these carers provided care peaked around their middle years. This group accounted for about 2% of the sample, or the equivalent of about 173,000 people in 2018
- late carers – people who took up caring responsibilities in their late 50s and early 60s and continued into their retirement. This group accounted for about 3% of the sample, or the equivalent of about 236,000 people in 2018.

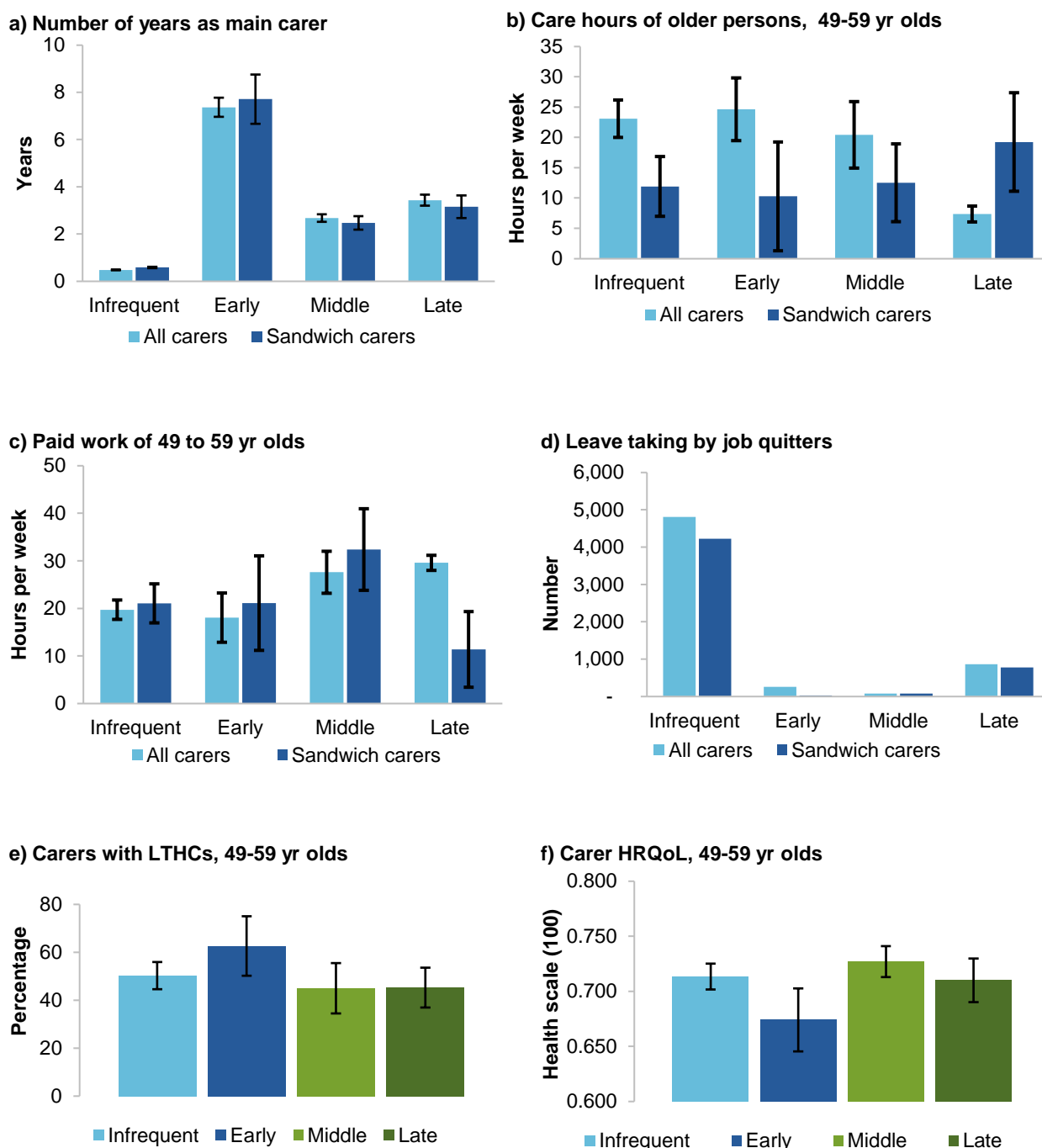
Based on the 15-year timeframe of the HILDA dataset, early carers provided the longest duration of care – over seven years on average, while infrequent carers provided less than one year of care on average (figure D.5a). Among carers who were between 49 and 59 years old, the average weekly hours of care were broadly similar among all carer journeys, except 'sandwich' carers (carers who also had responsibility for caring for children) who provided fewer hours of care each week to older people (figure D.5b). Middle sandwich carers undertake the most paid work and late carers the least (figure D.5c).

From these observations, we can tentatively conclude that among those people who quit their job, the uptake of the leave entitlement will be strongest among older infrequent carers and older late carers (figure D.4b and D.5d). Very few early carers are expected to be interested in unpaid leave. Middle and early carers are the least likely to take up the leave entitlement.

<sup>10</sup> The HILDA survey provides data on whether a person provided care to an older person (such as a parent, parent-in-law, or partner), and whether it was main or secondary care. Since the dataset also reports both the age of the carer, by using the method outlined by Nagin (2014) and Nagin and Odgers (2010) (a special case of finite mixture modelling known as group-based trajectory modelling), it was possible to identify each person's carer journey – the probability that each person would provide care to an older person every year as the person aged between 19 and 65 years. The analysis and did not distinguish whether they were employed or not, or the level of care they provided (main or secondary care).

<sup>11</sup> The infrequent care group includes persons who had living parents sometime between 2005 and 2020 and either did not provide main or secondary care or only briefly provided main or secondary care. The method described above grouped these carers together because they were observed to be very unlikely to provide care for any length of time.



**Figure D.5 – Care journeys and potential leave taking by main carers<sup>a,b,c,d,e,f,g</sup>**

**a.** A main carer is a person who provided the most care to the recipient. In the context of this appendix, the care recipient is a parent, parent-in-law or spouse aged 65 and over in HILDA. **b.** Average duration of care is for each main carer's journey between 2005 and 2020. **c.** Care hours refers to the weekly hours of care provided to older persons which include parents, parents-in-law and partners. **d.** Sandwich carers are persons who care for an older person and who have at least one child aged 14 or under. **e.** Entitlement users are persons who quit their jobs but would otherwise have taken unpaid leave were it available. **f.** LTHCs are long-term health conditions. **g.** HRQoL is the SF6D health-related quality of life (quality adjusted life year) as measured by the SF6D index, UK weighting (note c, figure D.4)

Source: Productivity Commission estimates based on HILDA Release 20.

Early carers face a number of personal challenges: some of the lowest incomes, the highest rates of long-term health conditions and lowest levels of health-related quality of life among carers (figure D.5e and D.5f). The

scope to reduce the burden of care on these and similar carers with supports other than unpaid leave is considered in appendix G. For the middle carers, an alternative to the unpaid leave entitlement is workplace flexibility and other supports that would allow these carers to provide care while continuing to maintain an active connection in the workforce.

## International comparisons

There is scant international literature examining what types of workers are most likely to take unpaid leave.

- An evaluation of the Austrian *Pflegekarenz* between 2017 and 2019 found that two thirds of care leavers were women. Caregivers who took leave had relatively low incomes and lived in smaller population municipalities (Schmidt and Schmidt 2022, p. 104)
- In Belgium, women who used the time credit/career break equally divided their leave between end-of-career leave and part-time general leave, whereas most men chose to work part-time as end-of-career leave (Mortelmans and Fusulier 2022, pp. 113-114), although it is not clear to what extent the decision to take end-of-career leave was motivated by early retirement or the desire to care for an older person.

## D.2 The expected effects on paid work

There is almost no literature on the effect of an unpaid carer leave entitlement on participation in paid work (Brimblecombe et al. 2018). One exception is Pavalko and Henderson (2006), who found that access to unpaid family leave in the United States (a statutory entitlement to 12 weeks of unpaid leave) increased the likelihood that people working before they started caring remained employed up to two years later. But this measure does not account for the temporary decrease in participation in paid work by those who would have continued working if they did not have access to unpaid family leave.

We estimated the effects that the entitlement would have on the amount of paid work that users would have undertaken had it been available in 2018.

- By examining the subsequent labour force status and preferences of carers who quit work, we estimated that about 25% of entitlement users who would otherwise have quit work would have exercised their right to return to their job, leading to 1.5 months of additional paid work for each entitlement user who would otherwise have quit paid work, or about 750 employee-years in 2018 (based on 6,000 entitlement users (section D.1)).
- We assumed that entitlement users who would have continued working in their job had they not used the entitlement would have taken an average of 2–3 months of extended unpaid carer leave and all would have exercised their right to return to their job (given their revealed preference for work). This suggests a reduction of 2–3 months of paid work for each entitlement user who would have otherwise continued in their job, or about 1,000–1,500 employee-years in 2018 (given 6,000 such entitlement users in that year (section D.1)).

Overall, the entitlement is likely to reduce the total amount of work by 0.5–1.5 months for each entitlement user or 250–750 employee-years.<sup>12</sup> The following discussion provides more detail on how these estimates were derived.

---

<sup>12</sup> As explained later, we have possibly underestimated the increase to paid work by entitlement users who would otherwise have quit paid work and underestimated the decrease to paid work by entitlement users who would otherwise have continued in paid work. The net effects are unclear.

## Effect on participation by entitlement users who would quit their job in its absence

The entitlement would induce additional paid work by entitlement users who would otherwise quit their job by allowing them to return to paid work more seamlessly. We estimated how much additional paid work these entitlement users would have undertaken if the entitlement had been in place between 2005 and 2020 by identifying this cohort among respondents to the HILDA survey from 2005 to 2020 (section D.1) and tracking their labour force status and preferences in the years after they quit their job.

There are several key findings.

- Only about 25% of these potential entitlement users would have exercised their right to return. This is because about 75% of carers of older people who quit work did not return to work within 12 months and indicated that they did not want to work. This may have been because they were not in a position to work (for example, because of caring responsibilities or illness) or because they were in a position to work but did not want to.
- The amount of additional paid work the entitlement would have induced for each hypothetical entitlement user who would have otherwise quit work is about 1.5 months. This is because:
  - only about 25% of these entitlement users would have exercised their right to return. The entitlement would induce about six months of additional paid work for each entitlement user who would exercise their right to return, but would otherwise quit work
  - most entitlement users who would exercise their right to return would have found a new job in the absence of the entitlement. Relatively few carers of older people who quit work spent extended periods of time wanting to work but not working.

An overarching assumption is that the entitlement would not have changed carers preferences for work. For example, if a carer indicated that they did not want to work six months after quitting their job to provide care, it was assumed that this was not because they became so discouraged after unsuccessfully searching for work that they indicated they did not want to work. It was assumed that they would still not want to work if they had instead taken extended unpaid carer leave (box D.2 explains the methodology in full).<sup>13</sup> As such the effect on work hours may be larger than estimated.

<sup>13</sup> The estimates *do not* make the much stronger assumption that people who unsuccessfully search for work do not become discouraged from searching.

### **Box D.2 – Estimating the additional paid work by entitlement users who would otherwise have quit paid work**

How much additional paid work would an entitlement to extended unpaid carer leave to care for an older person induce among entitlement users who in the absence of the entitlement would quit paid work?

To estimate the additional paid work we first identified this cohort (the ‘cohort of interest’) from respondents to the HILDA survey from 2005 to 2020 and then tracked their labour force status and preferences after they quit their job. We looked at the effect that entitlements of up to six months leave and up to 18 months leave would have had on paid work. We assumed that the effect of an entitlement of up to 12 months of leave (as proposed in this inquiry) would have been the average of the effects of these two entitlements.

#### **Entitlement to up to six months leave**

Approximately six months after quitting work, about 5–15% of this cohort<sup>a</sup> (depending on how it is defined) were either in paid work or were not working but wanted to work. We therefore reasoned that had they used the entitlement instead of quitting work, these 5–15% of users would have exercised their right to return within six months of quitting work. We also assumed that:

- those who were not working but wanted to work would have exercised their right to return to work about six months prior (six months after commencing leave). This is based on international evidence which shows that the average extended unpaid carer leave duration is around two to three months.
- those who were in paid work commenced searching for their job three months prior and would have returned to paid work about 1.5 months faster had they used the entitlement, because they would not have had to find a new job. This is because new employees who were unemployed prior to starting work for less than three months spent an average of about 1.5 months unemployed prior to starting work (Productivity Commission estimates based on HILDA Release 20; data from 2002–2020).

When surveyed again one year later (18 months after quitting work), most of the 5–15% were either in paid work or did not want to work. We assumed that:

- if those who were working both six months and 18 months after quitting work were to have instead used the entitlement it would not have induced any additional paid work by them during the six to 18 months after commencing leave
- if those who were not working but wanted to work six months after quitting work and working 18 months after quitting work were to have used the entitlement it would have induced an average of six months of additional paid work during the six to 18 months after commencing leave
- if those who were not working but wanted to work both six months and 18 months after quitting work were to have used the entitlement it would have induced a full 12 months of additional paid work by them during the six to 18 months after commencing leave
- if those not working nor wanting to work 18 months after quitting work had used the entitlement it would have induced an average of six months of additional paid work by them during the six to 18 months after commencing leave (we assumed that they quit their job/would have quit their job in the middle of this period).

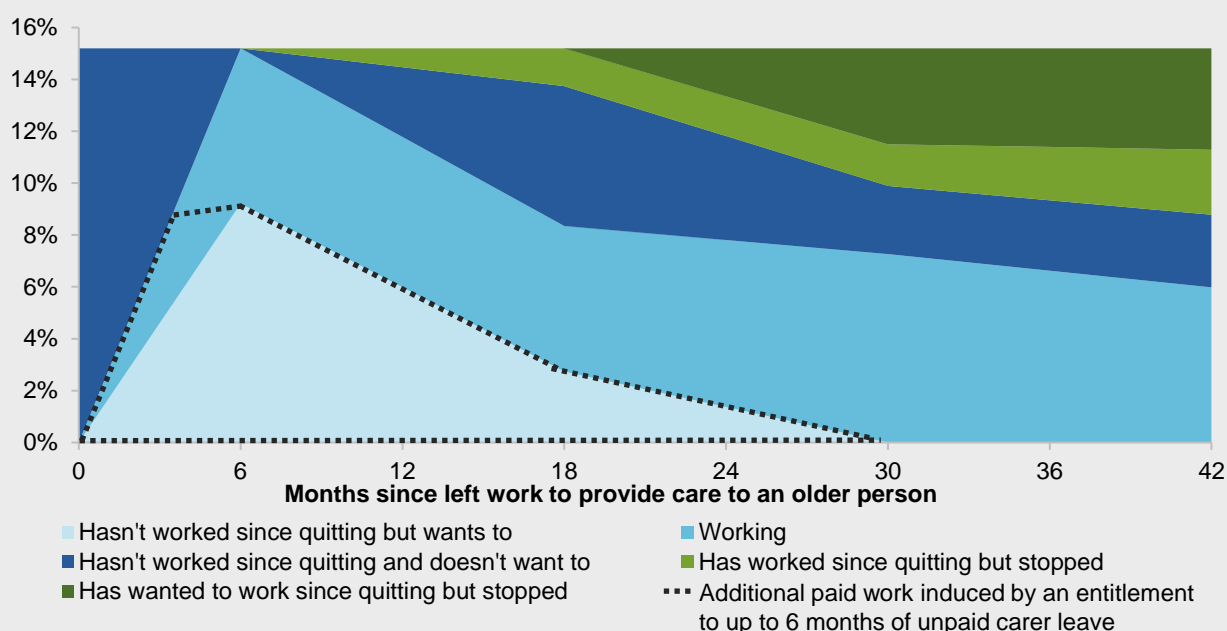
We then repeated this process based on survey responses one year later (30 months after quitting work) to estimate the additional paid work that an entitlement to six months of unpaid carer leave would have induced 18–30 months after quitting work. At 30 months after quitting paid work, all survey respondents

### Box D.2 – Estimating the additional paid work by entitlement users who would otherwise have quit paid work

were either working or indicated that they did not want to work, so we reasoned that an entitlement to six months of unpaid carer leave would not induce any additional paid work from that point onwards.

The figure below shows this process in graphical form. The area outlined in black represents the additional paid work induced by the entitlement.

#### Labour force status and preferences of people who quit work who would have used an entitlement to up to 6 months of unpaid leave and exercised their right to return<sup>a</sup> Percentage of people who quit paid work but would have instead used the entitlement if it were available, 2005–2020



a. Upper bound estimate of people who quit paid work but would have instead used the entitlement if it were available.

Source: Productivity Commission estimates based on HILDA Release 20.

#### Entitlement to up to 18 months leave

The effect that an entitlement to up to 18 months of unpaid carer leave would have had on paid work is the effect of an entitlement to up to six months of unpaid carer leave on paid work *plus* the additional induced paid work by those who would have exercised their right to return six to 18 months after taking leave.

About 20–30% of the carers who quit paid work<sup>b</sup> indicated that they did not want to work approximately six months after quitting paid work and were either in paid work or were not working but wanted to work approximately 18 months after quitting paid work. We assumed that:

- had they used the entitlement, those who were not working but wanted to work would have exercised their right to return to work six months prior (12 months after commencing leave), on average
- those who were in paid work commenced searching for their job six months prior and, had they used the entitlement, would have returned to paid work 2.5 months faster than they did. On average over

### **Box D.2 – Estimating the additional paid work by entitlement users who would otherwise have quit paid work**

2002–2020, new employees who were unemployed before starting work but for less than six months spent an average of about 2.5 months unemployed prior to starting work (Productivity Commission estimates based on HILDA Release 20).

We then followed the same process as for the entitlement to up to six months of leave for subsequent annual surveys. At 42 months after quitting paid work, all survey respondents were either working or had indicated that they did not want to work, so we reasoned that an entitlement to 18 months of unpaid carer leave would not have induced any additional paid work from that point onwards.

#### **Overall effect**

If an entitlement to up to six months of unpaid leave had been in place between 2005 and 2020, 5–15% of entitlement users who would otherwise have quit paid work would have exercised their right to return, leading to 0.5–1 months of additional paid work per entitlement user who would otherwise have quit paid work.

If an entitlement to up to 18 months of unpaid leave had been in place between 2005 and 2020, 35–45% of entitlement users who would otherwise have quit paid work would have exercised their right to return, leading to 1–2.5 months of additional paid work per entitlement user who would otherwise have quit paid work.

By averaging these estimates, we estimated that if the entitlement proposed in this inquiry had been in place between 2005 and 2020, about 25% of entitlement users who would otherwise have quit paid work would have exercised their right to return, resulting in about 1.5 months of additional paid work for each entitlement user who would otherwise have quit paid work.

**a.** The upper bound estimate of the cohort of interest (as described in section D.1) suggests 15% while the lower bound estimate suggests 5%. **b.** The upper bound estimate of the cohort of interest (as described in section D.1) suggests 20% while the lower bound estimate suggests 30%.

### **Effect on participation by entitlement users who would continue in paid work in its absence**

The entitlement would reduce participation in paid work by carers who would otherwise remain in paid work. The magnitude of the effect would depend on the average duration of leave and the share of these entitlement users who would exercise their right to return. As mentioned above, based on international evidence, the average duration of extended carer leave is about 2–3 months.

The share of these entitlement users who would exercise their right to return is uncertain. While we assumed that about one quarter of entitlement users who would otherwise have quit their job would exercise their right to return, this group are expected to have a stronger preference for participating in paid work. For this group we assumed that all of them would return to work in which case there would be 2–3 months less paid work for each entitlement user. The fewer who do, the greater this reduction would be.

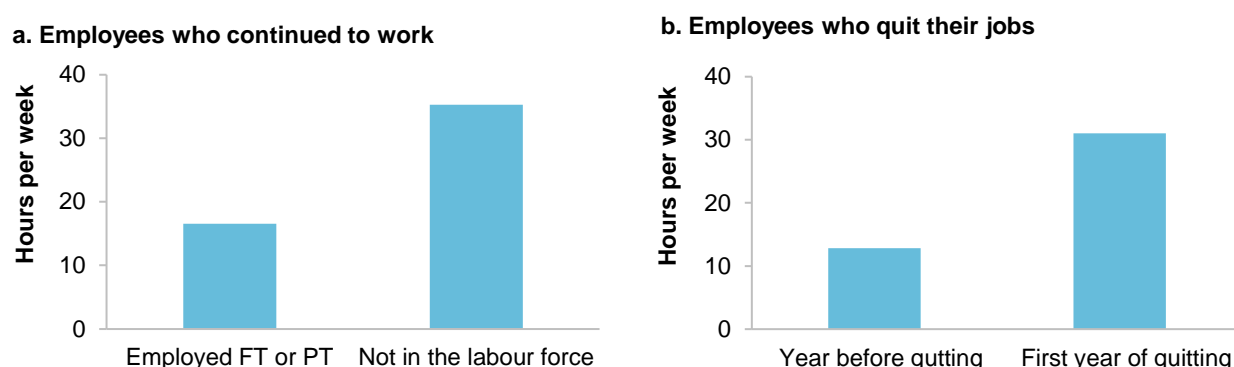
### D.3 What about the effects on informal care?

An unpaid leave entitlement is expected to increase the informal care provided by entitlement users, although the effect is expected to vary according the type of carer.

Of the 4,000–8,000 entitlement users who would have continued working in its absence:

- about one-half were (primary and non-primary) carers to older people. Access to unpaid leave would provide them with an opportunity to increase their hours of care. Part-time and full-time employed primary carers provided on average fewer than 20 hours of care each week. The amount of informal care could increase to about 35 hours per week if they were to follow the same pattern as carers who were not in the labour force (excluding unemployed carers) (figure D.6a).
- the other half were not carers of older people. It is unclear how much care they provided, on average, in the absence of the entitlement or would be expected to provide with an entitlement. In any case, it would be expected that the entitlement would increase the amount of informal care provided.

**Figure D.6 – Hours of care per week – potential entitlement users**



Source: Productivity Commission estimates based on ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0) and HILDA (Release 20).

The entitlement is expected to have little (if any) effect on the amount of informal care provided by 3,000–9,000 entitlement users who would have quit their job in the entitlement's absence. Before quitting their jobs, these carers were providing between 10 and 15 hours of care per week, and the amount of informal care increased to about 30 hours of care per week after quitting their jobs (figure D.6b). It is unlikely that the leave entitlement will influence the decision for most of these carers to change the amount of informal care after having quit, except for the 25% of these job quitters (section D.2) that are expected to return to work quicker because of the entitlement.





## E. Costs and benefits of an entitlement

### Key points

- \* The entitlement to extended unpaid carer leave proposed in this inquiry ('the entitlement') would benefit those who use it, because it would provide an easier route back to paid work than quitting a job and later finding a new one. But evidence suggests that about one third of entitlement users would not return to their job, which limits the benefits.
- \* The entitlement would lead to more informal care being provided by some entitlement users – those who would otherwise have remained in paid work (about half of all entitlement users). The people receiving this care would benefit from the entitlement.
- \* The entitlement would impose costs on employers. They would need to either replace the entitlement user or reduce output. Studies of parental leave entitlements in other countries provide the best indication of these costs, but they come to very different conclusions.
- \* The entitlement would probably impose costs on taxpayers. Based on the evidence available it is expected to lead to a net reduction in income tax receipts and a net increase in social security outlays which would not be fully offset by savings to the aged care bill.
- \* The costs of the entitlement would probably exceed the benefits, but the evidence is not conclusive.
  - The quantifiable costs and benefits indicate that the entitlement would impose net communitywide costs, but these costs and benefits are highly uncertain and there are issues with aggregating them.
  - Unlike some other workplace entitlements, an entitlement to extended unpaid carer leave has only been negotiated into a few enterprise agreements. This is consistent with the costs to employers exceeding the benefits to employees.

This appendix catalogues the costs and benefits of the entitlement to extended unpaid leave to care for older people proposed in this inquiry ('the entitlement').

It looks at the costs and benefits to employees (section E.1), care recipients (section E.2), employers (section E.3) and taxpayers (section E.4). The appendix also looks at whether the overall community-wide costs of the entitlement are expected to exceed the benefits (section E.5).

The costs and benefits are attributed to those who would *nominally* incur them, which may not be those who would *ultimately* incur them. Appendix F discusses the distributional impacts of the entitlement.

## E.1 Costs and benefits to employees

This section looks at the costs and benefits of the entitlement to employees. It describes how the entitlement would benefit different types of users and presents an upper-bound quantitative estimate of these benefits. It then discusses wider costs and benefits to employees.

### Entitlement users

The entitlement would benefit people who would use it. (Put simply: if it didn't, why would they use it?)

But it would affect users differently depending on:

- whether they would continue in paid work or quit their job if they did not have access to the entitlement<sup>1</sup>
- their expectations about whether they would exercise their right to return to work.

### Entitlement users who would remain in paid work without the entitlement

About half of all entitlement users would remain in paid work in its absence (appendix D). We expect that most of these users would exercise their right to return to work because their behaviour indicates a preference for working.

The impacts of the entitlement on this group requires some unpacking. People in this group clearly would benefit from the entitlement, as they would have voluntarily chosen to use it. But, by using the entitlement to provide informal care to a household or family member, they would sacrifice their income and any non-pecuniary benefits they receive from their paid job (although they may be able to access support via the Carer Payment). Some people in this group could also feel the choice is made out of necessity or societal or familial expectations, rather than personal desire. Reflecting this, a number of participants to this inquiry expressed concern about the effects of an entitlement to extended unpaid leave on people in this group – Lived Experience Australia Ltd (sub. 1, p. 5); Health Services Union (sub. 19, p. 1); Australian Services Union Victorian and Tasmanian Branch (sub. 30, p. 6).

Based on their actions, people in this group would appear to prefer to continue working in their paid job than to quit their job to provide more care. But they would use the entitlement if they had the option, which indicates that they would prefer to take extended unpaid carer leave than continue working in their job. This suggests that, *at most*, the benefit people in this group would receive from using the entitlement is the amount by which they would prefer using the entitlement over quitting their job to provide care.

Using the entitlement would mean they have a right to return to their job. If they were instead to quit their job, returning to work would mean they would need to find a new job (or return to their old job, but this is not guaranteed).

The experience of carers who were involuntarily made redundant from their job gives some insight about how people in this group would fare if they needed to find a new job. Carers who are involuntarily made redundant have recent work experience, a desire to work, and are not out of a job because of misconduct (they were not dismissed).

Between 2005 and 2019 (this period covers a diverse set of labour market conditions), about 60% of people who had recently cared for an older person were able to find a new job approximately six months after involuntarily being made redundant, about 20% were unemployed and about 20% wanted to work but were

---

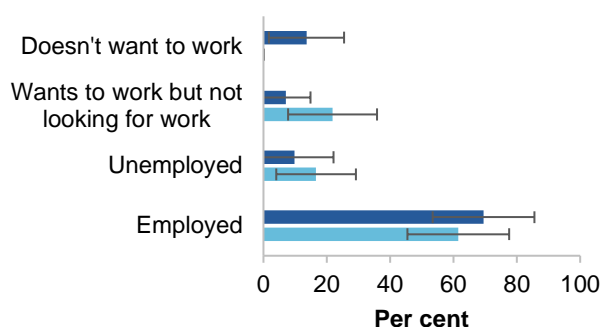
<sup>1</sup> Another possibility is that the user would have been able to take extended unpaid carer leave without the entitlement. As these users would not be affected by the entitlement, they are not discussed in this appendix.

not looking for work (figure E.1, panel a). Approximately 18 months after being made redundant, more had been able to find a job (70%), while fewer were unemployed (10%) or wanted to work but were not seeking work (5%) and about 15% no longer wanted to work. These estimates are based on a small sample, as the Household Income and Labour Dynamics in Australia (HILDA) surveys (which the estimates are based on) do not include many people who recently cared for an older person and were made redundant. But the results for the much larger group of women aged 40–65 (which includes about two thirds of people who recently cared for an older person and were made redundant) are similar which suggests that the estimates are credible (figure E.1, panel b).

However, those employees who found a new job did not necessarily receive the same pay or work the same number of hours. But they were typically no less satisfied with their new job than they had been with their old job. The median employee who found a new job reported the same level of overall job satisfaction (on a scale from 1–10) as they had with their previous job. Or, put another way, about the same number of people ended up in a better job as ended up in a worse job (Productivity Commission estimate based on HILDA Release 20).

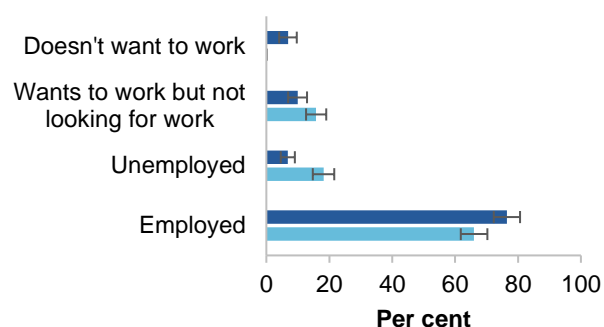
**Figure E.1 – Most carers made involuntarily redundant found a new job, but some struggled<sup>a,b</sup>**

a) Employment status after being made involuntarily redundant – people who have recently cared for an older person, 2005-2019<sup>c</sup>



■ Approx 18 months after being made redundant  
■ Approx 6 months after being made redundant

b) Employment status after being made involuntarily redundant – women aged 40-65, 2005-2019<sup>d</sup>



■ Approx 18 months after being made redundant  
■ Approx 6 months after being made redundant

**a.** People who were made involuntarily redundant are those who reported losing their job because they were laid off, no work was available for them, they were retrenched, they were made redundant, their employer went out of business or they were dismissed, *and* did not indicate that they did not want to work approximately six months after reporting losing their job for one of these reasons. Of these reasons for losing a job, only dismissal is not akin to redundancy, and other surveys suggest that less than 10% of people who lost their job for one of these reasons were dismissed (ABS 2022c). It is assumed that people who indicated that they did not want to work approximately six months after reporting losing their job for one of these reasons were voluntarily made redundant (about 20% of people). **b.** Error bars show 95% confidence intervals. **c.** 'People who have recently cared for an older person' are people who reported being the primary carer of an older person at some point in the three years prior to being made redundant or the year after being made redundant. **d.** Age in the year after being made redundant.

Source: Productivity Commission estimates based on HILDA Release 20.

### Entitlement users who would quit paid work without the entitlement

About half of all entitlement users would quit their job in its absence. And based on the subsequent work outcomes and preferences of carers of older people who quit their job between 2005 and 2020, only about 25% of these entitlement users would exercise their right to return to work (appendix D). This cohort are

representative of entitlement users who would quit paid work without the entitlement, while the experiences of carers made involuntarily redundant highlighted in the previous section better accord with those of entitlement users who would remain in paid work without the entitlement (box E.1).

### **Box E.1 – Carers who quit versus carers who are made involuntarily redundant**

This inquiry uses two different analyses to gauge the benefit of the entitlement to users.

- Appendix D (box D.2) examines the subsequent work outcomes and preferences of carers of older people who quit their job to gauge how entitlement users who would quit paid work in the absence of the entitlement would fare if they did not have access to it. It found that only 5–15% of carers of older people who quit their job wanted to work about 6 months after quitting and among those who did about 40% had found a job. And 35–45% of carers of older people who quit their job wanted to work about 18 months after quitting and among those who did about 80% had found a job.
- This appendix (section E.1) examines the subsequent work outcomes and preferences of carers of older people who were made involuntarily redundant to gauge how entitlement users who would remain in paid work in the absence of the entitlement would fare if, hypothetically, they found themselves without a job. It found that all carers of older people who were made involuntarily redundant wanted to work about 6 months after quitting and about 60% had found a job. And 85% of carers of older people who were made involuntarily redundant wanted to work about 18 months after quitting and among those who did about 80% had found a job.

The results of these two analyses are different in expected ways and similar in expected ways, which adds credence to them. Carers who voluntarily quit paid work were far less likely to want to go back to work than carers who were made involuntarily redundant, which makes sense because they chose to leave work. But among those in each group who do want to go back to work the differences converged: a larger share of carers who were made involuntarily redundant had returned to work 6 months after ceasing work, but the gap had vanished 18 months after ceasing work. This makes sense because carers who were made involuntarily redundant might want to return to work more promptly because they never chose to leave work.

The expectations of entitlement users who would quit paid work without the entitlement are not clear. When taking extended unpaid leave to care, many entitlement users would be unsure about whether they would exercise their right to return to work. This is in part because they are unlikely to know how long they would have caring responsibilities. But the entitlement would benefit these users – because it would give them peace of mind – irrespective of whether they would actually exercise their right to return. However, this peace of mind would be much more valuable to an entitlement user who thinks that they are very likely to exercise their right to return than to an entitlement user who thinks that they are very unlikely to exercise their right to return. And with only about 25% expected to actually exercise their right to return, a typical user would probably not think that they were very likely to exercise their right to return.

How much better-off would those who do exercise their right to return to work be? The subsequent work outcomes and preferences of carers of older people who quit their job between 2005 and 2020 suggest that about 75% of those who would exercise their right to return would find another job in its absence and the remaining 25% would not (appendix D). For those who would find another job in its absence, the entitlement would mean an easier route back to paid work. For those who would not find another job in its absence, the

entitlement would mean having a job versus not getting a job, which suggests larger benefits, although this group subsequently indicate that they no longer wish to work.

## Benefit estimates

We have not put a dollar value on the benefits of the entitlement to users. To do so requires making assumptions about entitlement users' preferences about work, care, leisure and job search. However, one study that did so estimated that an entitlement to two years of unpaid carer leave would have benefited the median user in the United States between 1994 and 2008 by \$US 28,000 (or about 55% of 2008 average annual full time weekly earnings, equivalent to about \$50,000 in Australia in 2021 (Productivity Commission estimate based on OECD (2022a)). We expect the benefit of the entitlement to be lower than this (but still positive), as some of the assumptions this study made are strong (box E.2). The estimate can be thought of as an upper-bound estimate of the benefit of the entitlement to employees in Australia.

### Box E.2 – Estimating the benefit of an entitlement to users

Using a sophisticated model of work and care decisions of female informal carers between 1994 and 2008 in the United States, Skira (2015) estimated that a two-year unpaid carer leave entitlement was valued by the median user at \$US 28,000.

The model allowed each carer to have different preferences for work and care, and was calibrated by inferring these preferences (using econometric techniques) from past behaviour. The model was then altered to 'allow' all working carers to take two years of unpaid carer leave. The benefit of this leave to each user was measured as the lump sum payment that would make the carer indifferent between: (a) using the entitlement and receiving no lump sum payment and (b) not having an entitlement and instead receiving the lump sum payment. This method, known as willingness-to-accept, is often used to place a monetary value on things with no market price.

In practice, the entitlement proposed in this report is likely to yield lower benefits to users than Skira's estimate. Skira estimates that when a carer quits their job to provide two years of care, the probability that they will be offered a job in the following two years is less than 10%. This probability of receiving a job offer incorporates both employers' willingness to offer them a job and the effort they put into searching. This makes an entitlement to extended unpaid carer leave seem quite valuable to users, as it effectively increases this probability from less than 10% to 100%. But the 'less than 10%' estimate is probably a substantial underestimate (the true percentage is probably higher) and so the resulting estimate of the value of the entitlement is probably a substantial overestimate. The 'less than 10%' estimate does not distinguish between people who have been out of the workforce for many years and people who quit their job to provide care, but members of the former group are probably both less good job candidates and less likely to search for a job than those who quit their job to provide care. We found that about 70% of people who recently provided care to an older person and were involuntarily made redundant from their job were able to find a new job within the following 18 months (figure E.1, panel a).

## All employees

The entitlement could also affect employees who do not use it, particularly entitlement users' co-workers (including managers). For example, co-workers could be required to work more intensively to cover for entitlement users. Some employees, especially those paid a salary, might be required to work additional unremunerated hours. These costs are difficult to measure as administrative records do not usually capture actual hours of work or work intensity by salaried employees. One study did not find evidence that parental leave increased the number of days of sick leave taken by co-workers, although the authors noted that the number of sick days is only a partial indicator of co-worker wellbeing (Brenøe et al. 2020).

## Summing up

Employees would benefit from the entitlement as it would make it easier to return to paid work after taking time away to provide care. We estimate that about two-thirds of all entitlement users would exercise their right to return to work.

## E.2 Costs and benefits to care recipients

The people receiving the care provided by entitlement users who would otherwise remain in paid work (about half of all entitlement users) would benefit from the entitlement as they would receive more informal care. However, those people receiving care provided by entitlement users who would otherwise cease paid work would not benefit, as they would not receive any more care because of the entitlement. And in fact, some of the 25% of these recipients whose carers would exercise their right to return might be made worse off because the entitlement would induce their carer to return to paid work and provide less informal care.

While there is little evidence that connects the effect of informal care with the health-related quality of life measures of older persons (measures that allow objective measures of health and wellbeing), some studies have estimated care recipients' willingness-to-pay for an additional hour of informal care or their willingness-to-accept compensation for losing an hour of informal care.

- Van den Berg, Bleichrodt and Eeckhoudt (2005) found that care recipients (with a mean age of 67 years) in the Netherlands in 2001 were willing to pay up to €6.72 for one additional hour of informal care and to accept a minimum of €8.62 as compensation for receiving one less hour of informal care. In a separate study (published in the same paper), care recipients (mean age of 62 years) in the Netherlands in 2001 with rheumatoid arthritis, were willing to pay up to €7.84 for one additional hour of informal care and to accept a minimum of €8.22 to compensate for receiving one less hour of informal care.
- De Meijer et al. (2010) found that care recipients in the Netherlands in 2001 (with a mean age of 68 years) were willing to pay up to €6.85 for one additional hour of informal care, and to accept a minimum of €8.88 to compensate for receiving one less hour of informal care. (The findings of the 2005 study are drawn from a subset of the survey responses used for this study.)

Translating to the Australian context,<sup>2</sup> this suggests that care recipients would have valued informal care at about \$15–20 per hour in 2021.<sup>3</sup> Assuming that entitlement users who would otherwise have remained in paid work would provide an average of 25 additional hours of care per week for a period of 13 weeks (appendix D), the entitlement would contribute to an additional 390 hours per informal carer. This suggests that the benefit to care recipients of entitlement users who would otherwise have remained in paid work of about \$5,000–\$7,000, or about \$3,000–\$4,000 per entitlement user across all entitlement users. This is a significant sum relative to the income of some older care recipients, and could imply that care is an important benefit to them.

### E.3 Costs and benefits to employers

The entitlement would impose costs on employers. They would incur one-off costs from changing their human resources processes for granting leave, and more substantial ongoing costs from the disruption caused by the use of the entitlement.

To understand these ongoing costs, consider the options available to an employer if an employee informs them that they will use the entitlement.<sup>4</sup>

- They could replace the entitlement user, either by hiring a new employee (possibly on a temporary basis) or getting existing employees to work more intensively or for additional hours. Both options could be worse for the employer than if the person using the entitlement continued working. Replacing employees involves hiring and training costs, and replacement employees could be less productive (at least in the short term) than the entitlement user because of disruption and inexperience. And getting existing staff to work additional hours might involve paying overtime and could lead to burnout.
- They could decide to not replace the entitlement user and accept a saving in wages and a reduction in output. This would also usually make the employer worse off than if the employee had continued working, because the value of employees' output usually exceeds their wages (this is the reason why they were employed).

Experience with leave entitlements overseas suggests that employer responses would vary with the industry, labour market, and characteristics of the employee taking leave (box E.3).

<sup>2</sup> The amounts were rescaled to 2021 AUD by converting to 2001 AUD (on a purchasing power parity basis) and then scaling by the change in the CPI between 2001 and 2018. The 2001 purchasing power parity exchange rate for Australia to the Netherlands was  $1.328/0.905 = 1.47$  (OECD 2022c) and the CPI grew by 59% between 2001 and 2021.

<sup>3</sup> This is in the ballpark of other estimates of the hourly value of informal care (usually from the perspective of the carer and so less relevant to our purposes). For example, Engel et al (2021) report the mean estimate of the hourly value of informal care to be \$US16.78 in 2018, which was about \$A24 in 2018 when converted on purchasing power parity terms.

<sup>4</sup> Employer groups highlighted these costs in their submission but did not provide information on their magnitude (Australian Industry Group, sub. 34; Chamber of Commerce and Industry Queensland; sub. 16).



### **Box E.3 – Employer responses to leave-taking vary**

Studies of leave entitlements in other countries find that employer responses depend on some key employer and employee characteristics.

- Employers are more likely to hire new staff if candidate hires have similar skillsets to that of the leave-taker (Ginja, Karimi and Xiao 2023), and if existing employees do not have similar skillsets to that of the leave-taker (Brenøe et al. 2020; Ginja, Karimi and Xiao 2023).
- Employers make greater efforts to cover the leave-taker's absence in occupations where work cannot be delayed (for example, people working in hospitals and for manufacturers) than in occupations where work can be delayed (such as some research roles) (Bedard and Rossin-Slater 2016).

In low-skill/high-turnover industries (such as some retail and agricultural jobs), leave-taking is typically managed by proportionate increases to permanent hires (Bedard and Rossin-Slater 2016).

Another factor that would drive employer responses (and the associated costs) is their perception about whether the entitlement user is likely to return to work after taking leave and their ability to manage the uncertainty surrounding this – noting that we estimate that about one third of all entitlement users would not exercise their right to return.

Incorrectly assuming an entitlement user will not return could be costly, because a new position would need to be found for them when they unexpectedly return. Likewise, incorrectly assuming an entitlement user will return could be costly because the employer might find themselves short-staffed when they unexpectedly do not return. With experience, employers are likely to develop strategies, such as keeping in contact with entitlement users while on leave, to help them better gauge whether or not entitlement users will return to their jobs.

However, this discussion overstates the costs that employers would bear. There are several reasons for this.

- In about half of all cases (section E.1), the entitlement user would have quit their job if the entitlement was not available to them. As such, their employer would still need to either replace them or reduce output. The difference is that, in the absence of the entitlement, the employer would not need to provide for a right to return to work. This would make it easier for the employer to replace them with a permanent employee.
- Employers could also benefit from the entitlement. If a valued employee who wanted to take leave to care would have otherwise quit their job, access to the entitlement might induce them to return. These cases would probably be rare, however, as we estimate that only about one quarter of entitlement users who would otherwise have quit their job would return to work (appendix D). And because employers can voluntarily grant extended unpaid carer leave (and can publicise this to current and prospective employees), many probably already do so where there is clear mutual benefit.

## **Cost estimates**

The costs of the entitlement to employers are difficult to estimate.

Building up an estimate of the costs from surveys about each component (such as the cost of placing a job advertisement) could be inaccurate and important factors (such as reductions in productivity) would likely be missed.

A better way is to estimate the costs of a similar entitlement in another country, either by comparing the performance of employers who were exposed to leave-taking to those who were not or by examining the before-and-after effects of the introduction of that entitlement. Several studies have estimated the costs of



parental leave entitlements for employers (paid leave, but taxpayer-funded so unpaid from the employer's perspective) (table E.1).

This approach requires some care. Only studies that compare the effect on employers of employees taking leave relative to a counterfactual scenario in which they either continue working or quit their job are relevant. Several studies of paid leave entitlements in the United States were not drawn on because they measure the impact of employees taking leave relative to a different counterfactual, which makes them less relevant to this inquiry (box E.4).

While far from conclusive, the evidence suggests that the costs of extended leave can be sizeable for employers when the leave is unexpected, whereas the costs of planned leave (such as parental leave) are lower.

- Two studies found that unexpected (from the employer's perspective) increases of parental leave of one to three months duration imposed sizeable costs on employers.<sup>5</sup> Ginja Karimi and Xiao (2023) found each extended period of leave increased wage costs by about 20 months of the salary of a full-time-equivalent employee (about \$150,000 in Australia in 2021 (OECD 2022a)), as employers typically replaced the leave taker with multiple employees (but with no apparent boost to output). Gallen (2018) found that firms with at least one leave taker were two percentage points (7%) more likely to shut down in the following five years. These studies are probably the most representative of the costs to employers of the entitlement. They capture leave taken at relatively short notice and for a duration similar to that expected for the entitlement.<sup>6</sup>
- Studies of the costs of parental leave itself (usually taken with much more notice and for a much longer duration, except in the United States) did not find any evidence of costs to employers. Only one study (Brenøe et al. 2020) measured profitability and survival, the best indicators of costs to employers. These results of these studies on wage costs are uninformative.

**Table E.1 – Studies of direct costs to employers of non-employer-funded leave entitlements**

| Study  | Details  | Quality | Findings   |   |   |
|--|--|---------|--|---|---|
|  |  |         | Wage costs   | Output  | Combined  |
| <b>Ginja, Karimi and Xiao (2023); Sweden, 1989</b> | Extension to existing parental leave; median length 2.5 months | High    | Wage costs increased by equivalent of 20 months of a full time equivalent salary. <sup>a</sup> | Suggestive evidence of decline to sales (measured only for manufacturing firms; 23% of sample). | Suggestive evidence of decline to value added (measured only for manufacturing firms; 23% of sample). |
| <b>Gallen (2018); Denmark, 2002</b>                | Extension to existing parental leave; mean                     | High    | No measurable effect on co-worker wages. Wage costs not  | -   | Firms with at least one leave taker were two percentage points (7%) more                              |

<sup>5</sup> This differs from the studies discussed in box E.4, which effectively examine the differences in the costs to employers of accommodating about one month of leave versus about two months of leave. The studies described here involved retroactive policy changes which effectively meant that 'firms unexpectedly and on short notice had to find replacement workers to cover for the additional leave' (Ginja, Karimi and Xiao 2023, p. 108), which is similar to the scenario that employers would face with the entitlement.

<sup>6</sup> While more speculative, it is possible that the cost of the entitlement may be higher than the cost of an unexpected extension to parental leave because in many cases a replacement employee will already be available if parental leave is extended.

| Study   | Details  | Quality  | Findings                             |                                  |   |
|---|--|----------|--------------------------------------|----------------------------------|---|
|   |  |          | Wage costs                           | Output                           | Combined  |
|   | length one month                               |          | otherwise measured.                  |                                  | likely to shut down in the next 5 years.            |
| <b>Brenøe et al. (2020); Denmark, 2001–2013</b>               | Parental leave, mean length 10 months.         | High     | No measurable effects on wage costs. | No measurable effects on output. | No measurable effects on profitability or survival. |
| <b>Bedard and Rossin-Slater (2016); California, 2004–2014</b> | Mostly parental leave, mean length 4–12 weeks. | Moderate | Small decrease to wage costs.        | -                                | -   |

a. This is reported as 10 months of a full time equivalent salary, but the authors have confirmed that this refers to a per-year effect and the effect persists at the same intensity for two years, so the total effect is 20 months of a full time equivalent salary (Xiao, pers. comms., 23 May 2023).

#### Box E.4 – Excluded studies of paid parental leave entitlements

In addition to the studies described in table E.1, there are several studies of the effects on employers of state-level entitlements to government-funded paid parental and carer leave programs in the United States. These have found little, if any, evidence of negative effects on employers, and some have found evidence of positive effects.

- Appelbaum and Milkman (2011) surveyed 253 employers about the impacts of California’s paid leave scheme. 89% reported that it did not reduce productivity, 91% reported that it did not reduce profitability, 93% reported that it did not increase turnover, 99% reported that it did not reduce morale and 87% reported it had not increased costs.
- Lerner and Appelbaum (2014) surveyed 18 employers about the impacts of New Jersey’s paid leave scheme. Similarly, 89% reported that it did not reduce productivity, 89% reported that it did not reduce profitability, 100% reported that it did not increase turnover and 89% reported that it did not reduce morale.
- Bartel et al. (2023) found that New York’s paid leave scheme led to an improvement in employers’ self-rated ease of handling leaves of both two to four weeks and longer than four weeks in duration and did not find evidence of effects on attendance, commitment, cooperation, productivity or teamwork (as rated by employers).

Two general conclusions can be drawn from these studies, neither of which is relevant to assessing the effects of the entitlement on employers.

First, unpaid leave of about one months’ duration appears not to be much more costly for employers to manage than unpaid leave of about two months’ duration. Some context is necessary to explain this. In the United States, employees of employers of more than 50 people are entitled to 12 weeks of unpaid parental and carer leave. California, New Jersey and New York have temporary disability insurance programs which provide for about six weeks of paid maternity leave (Baum and Ruhm 2016). More recently, these states have introduced entitlements to government-funded paid parental and carer leave

#### **Box E.4 – Excluded studies of paid parental leave entitlements**

programs – California in 2004, New Jersey in 2008 and New York in 2018. Except for New York's government-funded paid parental and carer leave program, these paid leave programs (including the temporary disability insurance programs) are not 'job-protected', meaning that there is no right to return to work unless they are used concurrently with the 12 weeks of unpaid parental and carer leave (which is job-protected). The main effect of these policies has been to induce mothers to take longer periods of maternity leave. For example, in California, 70% of those who took paid leave did so for maternity leave, 20% for paternity leave and 10% for carer leave (Bedard and Rossin-Slater 2016). Various studies have found that the average period of maternity leave grew from about three weeks to six to seven weeks (Rossin-Slater, Ruhm and Waldfogel 2013) or by about five weeks (Baum and Ruhm 2016), and the average period of paternity leave grew by about two to three days (Baum and Ruhm 2016).

A proviso is that it is possible that unpaid leave of about two months is more costly for employers to manage than unpaid leave of about one month but the surveys by Appelbaum and Milkman (2011) and Lerner and Appelbaum (2014) were insufficiently sensitive to pick up the effects as the paid leave scheme was not often used. Despite expectations that large employers will find leave easier to manage, Appelbaum and Milkman (2011) found that large employers were more likely to report that the California scheme reduced their productivity (72%) or their profitability (78%), and the two (of 18) employers who reported that the New Jersey scheme had reduced their productivity and profitability were the largest and third largest of the employers surveyed. It is possible that large employers had more familiarity with the effects of the scheme as they had encountered more users.

Second, some employers benefit from government-funded paid leave by using it to replace employer-funded paid leave. Appelbaum and Milkman (2011) report that up to 60% of employers did this with the California paid leave scheme (the actual share might be much lower but this is not clear). The extent of this is less clear for the New Jersey scheme, although two of the 18 employers surveyed by Lerner and Appelbaum (2014) explicitly explained that the scheme reduced their costs in this way. This is plausibly the case for New York too, although Bartel et al. (2023) did not collect the data to support it. They found that the improvement to employers' ease of handling leaves brought on by the New York paid leave scheme was concentrated among employers of more than 50 people, but that the scheme only induced more leave-taking for employers of less than 50 people (who did not previously have access to job-protected leave). The authors conclude:

Thus, it seems that New York's [government-funded paid leave scheme] helps larger firms – in which employees do not change their leave-taking behaviour since they likely previously had access to some type of leave either through the [entitlement to 12 weeks of unpaid leave] or through the firm's benefits package – handle long leaves, at least in the first program year. For smaller firms, any improvement in the ease of handling absences may be outweighed by the fact that there are significantly more workers taking leaves once the law has been in effect for some time. (Bartel et al. 2023, pp. 11–12)

## Summing up

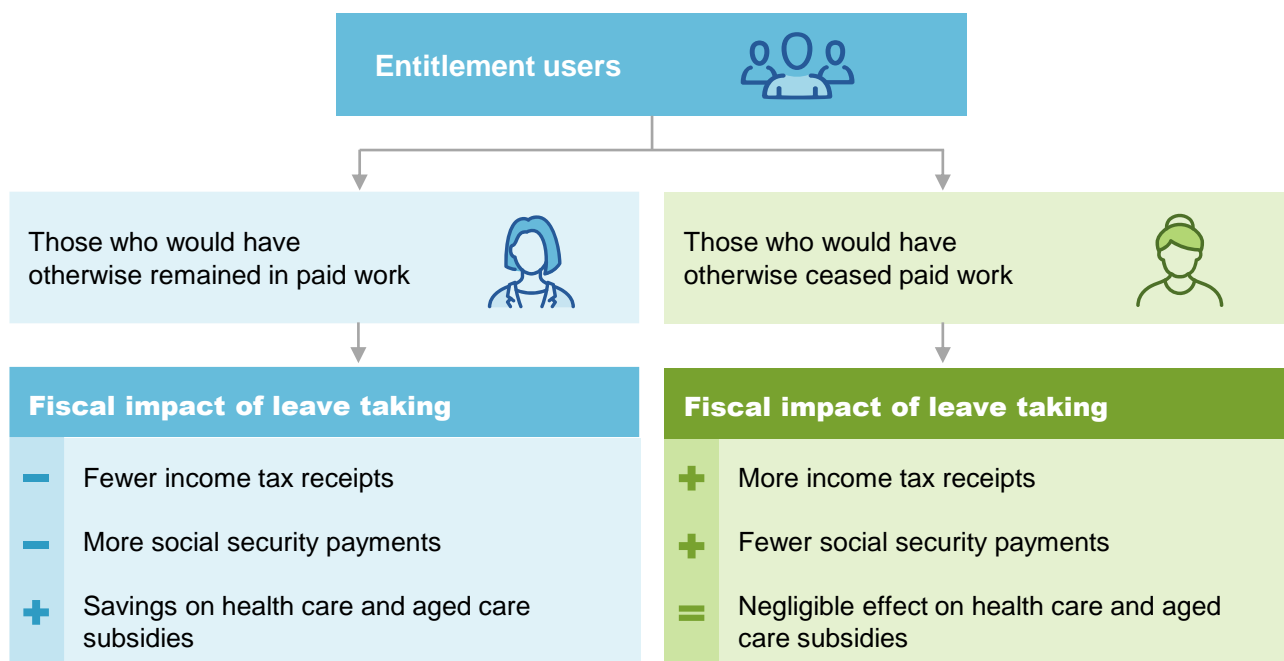
The entitlement would impose costs on employers. They would either replace employees on leave and incur additional wage, hiring and training costs or not replace them and lose output. Disruption and the inexperience of replacements could also lead to decreased productivity, at least temporarily. The costs would be lower for employers of entitlement users who would instead have quit their job if the entitlement were not available (about half of all users), as they would still incur hiring and training costs replacing the employee in the absence of the entitlement.

Evidence on these costs is patchy because employers respond in different ways and measures of profitability are usually incomplete. The findings from studies looking at the costs of parental leave entitlements overseas are mixed, but those that are more applicable to the present context find evidence of material costs for employers.

## E.4 Fiscal effects (costs and benefits to taxpayers)

The entitlement would also have costs and benefits for taxpayers. The impacts on taxpayers would differ between entitlement users who would, in the absence of the entitlement, remain in paid work and those who would cease paid work (figure E.2).

**Figure E.2 – The fiscal effects of the entitlement**



Entitlement users who would remain in paid work in the absence of the entitlement would temporarily cease paid work to provide more informal care. This would:

- reduce income tax receipts (a fiscal cost), as they would undertake less paid work
- increase social security spending (a fiscal cost), as some would become eligible for the Carer Payment
- reduce the pressure on subsidised formal aged care and health care (a fiscal benefit), as informal care slightly substitutes for these services.

And some entitlement users who would quit their job in the absence of the entitlement would return to their job after taking leave, returning to work faster than they otherwise would (if at all). This would:

- increase income tax receipts (a fiscal benefit), as they would undertake more paid work
- reduce social security spending (a fiscal benefit), as they would spend less time on the Carer Payment or JobSeeker payment and associated supplements
- possibly slightly increase the pressure on subsidised formal aged care and health care (a fiscal cost), as some would be induced to reduce their caring load on returning to work. This effect is more speculative and we have not estimated its size.

Using 2018-19 incomes, income tax scales, social security payment rates and aged care and health care subsidies,<sup>7</sup> we estimated the size of each of these effects assuming that the entitlement was in place at that time (table E.2).<sup>8</sup> The calculations giving rise to these estimates are explained in detail, below.

**Table E.2 – Components of the fiscal effects of the entitlement  
2018-19**

|  | Component   | Estimate  |
|--|---|-----------|
| <b>Entitlement users who would otherwise have continued in paid work</b> | Decreased income tax receipts per entitlement user who would otherwise have continued in paid work per year of leave taken      | -\$18,000 |
|  | Increased social security payments per entitlement user who would otherwise have continued in paid work per year of leave taken | -\$6,000  |
|  | Decreased aged care subsidies per entitlement user who would otherwise have continued in paid work per year of leave taken      | \$2,000   |
|  | Decreased health care subsidies per entitlement user who would otherwise have continued in paid work per year of leave taken    | \$1,000   |
| <b>Entitlement users who would otherwise have quit their job</b>         | Increased income tax receipts per entitlement user who would otherwise have quit their job                                      | \$1,000   |
|  | Decreased income social security payments per entitlement user who would otherwise have quit their job                          | \$1,000   |

And using the estimates from table E.2, we estimated the overall fiscal effect under 18 plausible alternative sets of assumptions (table E.3). The assumptions relate to:

- The average duration of the leave that would have been taken by those who remained in paid work but would have used the entitlement if it were available. Experience from countries with extended unpaid carer leave entitlements suggests two to three months. We have modelled the effect of a two month, three month and six month average duration.
- Among those who would have used the entitlement if it were available, the ratio of the number of people who continued in their job to the number of people who quit their job. Our central estimate is that there would have been similar numbers of each, but this may be subject to substantial error.

<sup>7</sup> 2018-19 is the year data was most readily available.

<sup>8</sup> The estimates can be interpreted as components of the estimated fiscal impact of the entitlement had it existed during 2018-19, with the exception that the behavioural responses of employers and employees are assumed to reflect long term average responses. This means that the estimates assume that average labour market conditions apply; they are not specific to a particularly weak or strong labour market.

- The average foregone income tax receipts per entitlement user who would otherwise have continued in paid work per year of leave taken. This is discussed further in the following section.

The overall fiscal effect ranges from -\$6,400 to \$800 per entitlement user and the fiscal effect was found to be negative in 14 of the 18 cases. As highlighted in the following section, the estimates of the fiscal costs are generally more conservative than the estimates of the fiscal benefits, which adds credence to a negative overall fiscal effect.

**Table E.3 – Fiscal effects of an entitlement to extended unpaid carer leave 2018-19**

|             | Average leave taken by those who would otherwise have continued in paid work <sup>a</sup> | Number of continuing workers to job quitters <sup>b</sup> | Average foregone income tax receipts per continuing worker <sup>c</sup> | Modelled fiscal impact per entitlement user |
|-------------|---|---|---|---|
| Scenario 1  | 2 months  | 0.5   | \$18,000  | \$200                                       |
| Scenario 2  | 3 months  | 0.5   | \$18,000  | -\$400                                      |
| Scenario 3  | 6 months  | 0.5   | \$18,000  | -\$2,200                                    |
| Scenario 4  | 2 months  | 1.0   | \$18,000  | -\$800                                      |
| Scenario 5  | 3 months  | 1.0   | \$18,000  | -\$1,700                                    |
| Scenario 6  | 6 months  | 1.0   | \$18,000  | -\$4,300                                    |
| Scenario 7  | 2 months  | 2.0   | \$18,000  | -\$1,700                                    |
| Scenario 8  | 3 months  | 2.0   | \$18,000  | -\$2,900                                    |
| Scenario 9  | 6 months  | 2.0   | \$18,000  | -\$6,400                                    |
| Scenario 10 | 2 months  | 0.5   | \$7,000   | \$900                                       |
| Scenario 11 | 3 months  | 0.5   | \$7,000   | \$600                                       |
| Scenario 12 | 6 months  | 0.5   | \$7,000   | -\$200                                      |
| Scenario 13 | 2 months  | 1.0   | \$7,000   | \$200                                       |
| Scenario 14 | 3 months  | 1.0   | \$7,000   | -\$200                                      |
| Scenario 15 | 6 months  | 1.0   | \$7,000   | -\$1,300                                    |
| Scenario 16 | 2 months  | 2.0   | \$7,000   | -\$400                                      |
| Scenario 17 | 3 months  | 2.0   | \$7,000   | -\$900                                      |
| Scenario 18 | 6 months  | 2.0   | \$7,000   | -\$2,500                                    |

**a.** Average amount of leave taken by entitlement users who would otherwise have continued in paid work. **b.** Number of entitlement users who otherwise would have continued in paid work per entitlement user who would have quit their job. **c.** Average foregone income tax receipts per entitlement user who would otherwise have continued in paid work per year of leave taken.

Source: Productivity Commission estimates.

The remainder of this section outlines the basis for the estimates summarised in table E.2.

## Fiscal effects of leave taken by entitlement users who would otherwise have continued in paid work

### Effect on income tax receipts

Had the entitlement been in place in 2018-19, the leave that would have been taken by users who continued in paid work would have reduced income tax receipts because it would have led to an economywide reduction in paid work.

We conservatively estimated the reduction in income tax receipts to be 85% of the income tax paid on the income actually earned by those people while they would have been on leave (box E.5).

The average (mean) actual personal income tax paid by people in this group in 2018-19 was about \$21,000, which suggests a decrease of about \$18,000 per person per year of leave taken.<sup>9</sup> We also produced an alternative estimate based on the *median* actual personal income tax paid by members of this group in 2018-19 (about \$7,000) of about \$6,000. While the mean is the more relevant statistic, the distribution is highly skewed and the sample size is small making the median a more robust measure.

#### **Box E.5 – Effect on income tax receipts of leave taken by entitlement users who would otherwise continued in paid work**

The effect that leave taken by entitlement users who would otherwise continue in paid work would have on income tax receipts would depend on the response of employers.

- If the entitlement user is not replaced, or is replaced by existing employees working additional hours without being remunerated, then there will be a reduction in economywide income tax receipts approximately equal to the reduction in income taxes paid by the entitlement user.
- If the entitlement user is replaced by a new employee, there will be a reduction in economywide income tax receipts because that new employee is prevented from undertaking other paid work.
- If the entitlement user is replaced an existing employee working additional hours for which they are remunerated, there would be a negligible economywide effect on income tax receipts.

We have assumed that 15% of the paid work that entitlement users would have undertaken while on leave would have been replaced by existing employees working additional remunerated hours. This is based on the results of the studies of parental leave entitlements surveyed in section 3, but is on the conservative side (meaning that the actual share is probably somewhat lower, leading to a larger decrease to income tax receipts than found here). Gallen (2018) found that existing employees worked very few additional (remunerated) hours in response to leave-taking, while Brenøe et al. (2020) found that they performed about 14% of the additional paid work.<sup>a</sup>

<sup>9</sup> This is the average 2018-19 income tax paid by members of this cohort identified in the 2018 ABS Survey of Disability, Ageing and Carers (which has been linked to income tax return data via the Multi-Agency Data Integration Project). The cohort includes carers of people of any age, not just older people, as the age of the care recipient cannot be identified in all cases (appendix D). In those cases where it is possible to separate the cohorts, the median income of each cohort is very similar, which suggests that this shortcoming probably does not affect the results by much.



### **Box E.5 – Effect on income tax receipts of leave taken by entitlement users who would otherwise continued in paid work**

This means that about 85% of the income taxes that would be paid by entitlement users continuing in paid work in the absence of the entitlement are foregone.

There are other reasons why this is a conservative estimate of the reduction to income taxes.

- It assumes that all of these entitlement users would exercise their right to return.
- It does not account for any entitlement-induced reductions to productivity, which would reduce profits and company income tax receipts.

a. Ginja, Karimi and Xiao (2023) found that existing employees performed 33% of the additional paid work, but this was in a context in which employers, on average, replaced entitlement users by more than one additional employee *and* by existing employees working additional remunerated hours (and with no evidence that output was subsequently higher than it would have been had entitlement user instead worked). The discussion in this box assumes that replacement is one-for-one in terms of hours worked and output. Generalising this to Ginja, Karimi and Xiao's findings would suggest a larger reduction to income tax receipts than modelled here owing to the large productivity losses.

### **Effect on social security payments**

The leave that would have been taken by users who continued in paid work would have increased social security spending. As with income tax receipts, we assumed this increase to be the social security payments that this group would have received for the period of their leave, scaled by 85% (box E.5).

We assumed that one-third of this group would have received the Carer Payment while on leave. This is the share of carers of older people who received either the Carer Payment or Jobseeker Payment (known as the Newstart Allowance in 2018-19) when interviewed approximately six months after quitting work (discussed later).<sup>10</sup> In 2018-19, the Carer Payment was about \$22,000 per year so the increase in social security payments would have been approximately \$6,000 per person per year of leave taken.

### **Effect on subsidies for aged care services**

The leave that would have been taken by users who continued in paid work would have reduced their care recipients' use of subsidised formal aged care services. Although the aged care funding arrangements make it unlikely that the entitlement would have had any effect on total government spending on aged care, this would (counterintuitively) still have amounted to a fiscal benefit (box E.6).

---

<sup>10</sup> People on unpaid leave are not eligible to receive the Jobseeker Payment unless they want to return to work prior to the agreed period of leave but their employer will not allow it, making it unlikely that entitlement users would qualify for the Jobseeker Payment while on leave (DSS 2022c).



### Box E.6 – Even with a fixed aged care budget, reducing use of subsidised aged care would yield fiscal benefits

Under the current funding arrangements for aged care services, subsidies would be unresponsive to the changes in demand for services that an entitlement could induce. This is because the number of people who can access the Home Care Packages Program and the Residential Aged Care Program grows in proportion to the number of people aged 70 and over, and the Commonwealth Home Support Program is funded via grants to service providers that do not vary with demand (RCACQS 2021c, p. 191).

What this means is that entitlement-induced reductions in the use of subsidised aged care services will result in more subsidised aged care services for other users. The benefit is not a saving but rather money to support other users of subsidised aged care.

Aged care funding arrangements could be changed so subsidies for formal aged care services are issued to any older person who meets the criteria (this is often called ‘demand-driven’, ‘uncapped’ or ‘entitlement-based’ funding). This was recommended by the Aged Care Royal Commission and the Australian Government accepted the recommendation in-principle (DoH 2021a). Such a change would mean that any fiscal benefit would be realised as a saving.

While there are no studies of the effects of informal care receipt on formal aged care services in Australia, there are a number of studies of these effects in Europe and the United States (table E.4).<sup>11</sup> Nearly all found that receiving informal care reduces the use of formal aged care services (both home-based and residential care).

**Table E.4 – Studies of the effect of informal care on use of formal aged care<sup>a</sup>**

| Study  | Country and cohort of interest  | Effect on home-based formal care   | Effect on residential care  |
|--|---|--|---|
| <b>Lo Sasso and Johnson (2002)</b>               | United States; informal care provided to people aged 70 and older by their children, 1993–1995. | -  | Receiving informal care ‘all or most of the time’ reduced the probability of entering a nursing home in a two year period by 6 percentage points.   |
| <b>Van Houtven and Norton (2004)<sup>b</sup></b> | United States; informal care provided to people aged 70 and older by their children, 1995–1998. | On average, a 10% increase in informal care hours led to a 0.87 percentage point decrease in the probability of using home-based care.<br><br>An increase in informal care from 20 hours per month (0 hours per month) to 160 hours per month reduced the probability of using home-based care by two percentage points (six percentage points). | On average, a 10% increase in informal care hours reduced time spent in a nursing home by 1.9 days over two years.<br><br>An increase in informal care from 20 hours per month (0 hours per month) to 160 hours per month reduced time spent in a nursing home by |

<sup>11</sup> We attempted to study the effects of informal care receipt on use of formal aged care services in Australia using methods similar to those used by Van Houtven and Norton (2004) and Bolin, Lindgren and Lundborg (2008) applied to the HILDA dataset, but this was unsuccessful as the sample size was too small.

| Study                                      | Country and cohort of interest   | Effect on home-based formal care  | Effect on residential care  |
|--|--|---|---|
|  |  |   | eight days over two years (24 days over two years).   |
| <b>Charles and Sevak (2005)</b>            | United States, informal care provided to people aged 70 and older by their children, 1993-2000         | -   | Receiving informal care with an activity of daily living led to a 39-49 percentage point decrease in the probability of entering a nursing home in the following seven years. |
| <b>Bolin, Lindgren and Lundborg (2008)</b> | Eleven European countries; informal care provided to people aged 50 and older by their children, 2004. | On average, a 10% increase in informal care hours led to a 0.6 percentage point decrease in the probability of using home-based care.   | -   |
| <b>Bonsang (2009)</b>                      | Twelve European countries; informal care provided to people aged 65 and older by their children, 2004. | On average, a 10% increase in informal care hours led to a 6.8% decrease in hours of domestic help among those who used domestic help and a 2% increase in hours of nursing care among those who used nursing care.   | -   |
| <b>Bergeot and Tenand (2021)</b>           | The Netherlands; informal care provided to people aged 65 and older by their children, 2016–2019       | Receiving informal care reduced the probability of using skilled home care in the following two years by 13 percentage points among people with severe limitations and seven percentage points among people with mild limitations.<br><br>Receiving informal care reduced the probability of using social care in the following two years by six percentage points among people with severe limitations and three percentage points among people with mild limitations. | Receiving informal care had a negligible effect on the probability of nursing home admission in the following three years.  |

**a.** There were 11 other studies that we looked at but did not include because they either focussed on a narrow cohort of care recipients (for example, only people receiving end-of-life care) or because their methodology did not adequately account for the endogeneity of informal care provision. **b.** The effect of an increase in monthly informal care hours from 0 to 160 has been approximated from the claim that ‘increasing [informal care] hours per month from zero to [120 hours] reduces formal care nearly three times as much as going from 20 [hours] per month to [120 hours]’ (Van Houtven and Norton 2004, p. 1177).

Drawing on these studies, we estimated that – on average – each entitlement user who would have otherwise continued in paid work would have reduced the time that their care recipient spent in residential aged care by 3–12 nights each year of leave taken and the probability that their care recipient used home-based care (whether via Home Care Package Program or the Commonwealth Home Support Program) while they were on leave by two percentage points. Box E.7 explains these estimates in more

detail. In 2018-19, this would have meant a saving of \$800–\$2,300 of residential care subsidies and \$100 of home-based care subsidies – so about \$2,000 per person.<sup>12</sup>

For shorter periods of leave (a few months), these are probably overestimates of the fiscal savings. There are substantial wait times for formal aged care – in 2018-19, the median elapsed time between receiving an assessment and entering aged care was five months for residential care, and 7–34 months for a Home Care Package depending on package level (SCRGSP 2020, table 14A.26). If leave was taken to provide care during this waiting period, it would have no direct effect on the care recipients' use of formal aged care, and so would not result in reduced subsidies for formal aged care. Put differently, the studies listed in table E.4 capture the effects of ongoing informal care on formal care use, whereas we are interested in the effects of the temporary informal care that the entitlement would induce on formal care use.<sup>13</sup>

### **Box E.7 – Estimated effect of the entitlement on aged care subsidies – assumptions and detailed explanation**

We estimated that – on average – each entitlement user who would have otherwise continued in paid work would have reduced the time that the person they were caring for spent in residential aged care by 3–12 nights each year of leave taken and the probability that their care recipient used home-based care (whether via Home Care Package Program or the Commonwealth Home Support Program) while they were on leave by two percentage points.

These estimates are drawn from Lo Sasso and Johnson (2002) and Van Houtven and Norton (2004), the results of which translate reasonably well to the Australian context.

- Van Houtven and Norton (2004) used their findings to undertake a similar exercise (they assessed the fiscal effects of working carers leaving the workforce to provide full time informal care).
- The Australian subsidised residential aged care sector is similar to that of the United States in the 1990s by some key measures.
  - Van Houtven and Norton (2004) report that 8.6% of people in the United States aged 70 and over used residential aged care in a two-year window, with an average stay of 289 days within that window and subsidies covering approximately 50% of the cost. In Australia, 7.3% of people aged 65 and over received residential aged care in 2018-19 (SCRGSP 2020, table 14A.2), with an equivalent measure of average stay of 224 days<sup>b</sup> and subsidies covering 73% of the cost (AIHW 2022).
  - There are, however, some larger differences for home-based care – Van Houtven and Norton (2004) report that 8.3% of their sample aged 70 and over received home-based care in a two-year

<sup>12</sup> Based on an average annual government subsidy of \$69,114 per occupied residential aged care place per year (SCRGSP 2020, table 14A.12) and an average annual government subsidy of \$5,114 per recipient per year for Home Care Packages and the Commonwealth Home Support Program (Productivity Commission estimate based on SCRGSP (2020, tables 14A.2 and 14A.3)).

<sup>13</sup> We know of only one study that has measured the effects of *leave-induced* informal care on formal aged care use, which found that paid family leave in California reduced use of residential aged care (Arora and Wolf 2018). However, its findings imply that each leave-taker prevented, on average, more than one person from entering residential aged care in the year in which they took leave, which is implausible (Productivity Commission estimate based on Arora and Wolf (2018) and Bedard and Rossin-Slater (2016)).

### Box E.7 – Estimated effect of the entitlement on aged care subsidies – assumptions and detailed explanation

window. In Australia 3.7% of people aged 65 and over received a Home Care Package in 2018–19 and 20% received support under the Commonwealth Home Support Program (SCRGSP 2020, table 14A.2).

- The two studies report similar effect sizes to each other and to the studies of other countries (where comparison is possible). Lo Sasso and Johnson (2002) implies that increasing informal care from 0 hours per month to 160 hours per month reduced time spent in residential care by about 22 days over two years, whereas Van Houtven and Norton found 24 days.<sup>c</sup> And Van Houtven and Norton (2004) report a similar average marginal effect for home-based care (for the United States) as Bolin, Lindgren and Lundborg (2008) (for Europe).
- The effect on home-based care at the intensive margin (the extent of use of home-based care among those who used home-based care) has been found to be positive for some types of care and negative for others (Bonsang 2009), which justifies assuming that the entitlement would impact the probability of home-based care being used but not the intensity of that care.

Other studies either use unsuitable measures of informal care (Bergeot and Tenand 2021; Charles and Sevak 2005) or report only average marginal effects derived from a non-linear model, from which an effect size cannot be inferred (Bolin, Lindgren and Lundborg 2008; Bonsang 2009).<sup>a</sup>

**a.** To see why average marginal effects are unsuitable to estimating the effect of the entitlement on aged care subsidies, consider Van Houtven and Norton (2004) which reports both the average marginal effect of a percentage change to hours of informal care supplied and the effect of increasing informal care hours from 20 hours per month to 160 hours per month. Extrapolating from the average marginal effect would suggest that increasing informal care from 20 to 160 hours per month (a 700% increase) would lead to an average reduction of residential aged care use of 133 days over two years, but the correct average reduction is only 8 days over two years. **b.** This measure is the average length of stay among those who left residential care in 2018–19, with people whose stay was over two years in length set at two years exactly (Productivity Commission estimate based on AIHW (nd)). **c.** This assumes: 1) that receiving informal care ‘all or most of the time’ amounts to 160 hours of care per month; considered to be full time care by Van Houtven and Norton (2004), 2) that people who enter residential aged care remain there for at least two years and 3) that those prevented for entering residential aged care would otherwise have entered at the midpoint of the two year window studied by Lo Sasso and Johnson (2002).

## Effects on subsidies for health care

The leave that would have been taken by users who continued in paid work may have affected both their care recipients’ use of subsidised health care and their own use of subsidised health care. This is an empirical question because theory does not make clear the direction of the effect.

- *Care recipients:* The additional informal care might have reduced care recipients’ need for health care and the speed at which they could be discharged from hospital. However, it might also have facilitated better access to health care.
- *Carers:* Informal carers have worse physical and mental health than non-carers with similar demographic characteristics (appendix G) which might suggest a negative causal effect of informal care on mental and physical health and that more intensive caring would lead to greater health care use. However, the time away from paid work could also make providing informal care easier, improve physical and mental health and reduce health care use.

## Health care used by care recipients

We assumed that the leave that would have been taken by those who continued in paid work would have slightly reduced the time care recipients spend in hospital. Studies from abroad have found that informal care has no or a negligible impact on the likelihood of care recipients being hospitalised (table E.5). But there is some evidence that informal care reduces the time that care recipients spend in hospital by allowing for earlier discharge than would otherwise be possible. Weaver and Weaver (2014) found that, in Switzerland, living with an informal carer reduced annual time spent in hospital by those who went to hospital by two days, on average. Van Houtven and Norton (2004) found a negligible effect in the United States, but this may reflect that the out-of-pocket costs of hospital care in the United States incentivise care recipients and their families to reduce time spent in hospital even when inadequate informal support is available.

Just as the previous section noted that the substantial wait times for formal aged care reduced the prospect that informal care would reduce aged care subsidies, these wait times might increase the prospect of informal care reducing hospital care subsidies as older people waiting for residential aged care might be hospitalised instead. If true, a larger effect of informal care on hospital use might be expected. But this seems unlikely to be the case. On average, people waiting for residential care spent about 3% of their time in hospital in 2018-19 (about five days per person) – much more than the average person, but not enough to suggest widespread use of hospital care in lieu of residential care.<sup>14</sup>

For these reasons, we have assumed the results of Weaver and Weaver (2014) apply in the Australian context. As we expect that about half of the recipients of the care provided by people who continued working but would have used the entitlement if it were available would be hospitalised in a given year,<sup>15</sup> this suggests an average reduction of time spent in hospital of about one day per carer per year of leave taken. This is equivalent to about \$1,000 per carer per year of leave taken; the average cost of one day of care in a non-acute unit in a public hospital in 2018-19.<sup>16</sup>

Informal care appears not to have substantial effects on care recipients' use of outpatient health care. One study found that receiving informal care slightly increased the number of doctor visits made by care recipients (Bolin, Lindgren and Lundborg 2008), while another did not find evidence of an effect on doctor visits (Van Houtven and Norton 2004). Van Houtven and Norton (2004) found that informal care slightly decreased the probability of care recipients having outpatient surgery. As such, we assumed that the care provided by people who continued working but would have used the entitlement if it were available would have had no effect on the use of outpatient health care by the recipients of their care.

## Health care used by entitlement users

We assumed that use of the entitlement by those who continued working would have had no effect on their use of health care, as studies find no clear evidence of this (table E.5). One study did not find sufficient evidence of an effect of informal care provision on doctor visits (Bremer et al. 2015), while another found that

<sup>14</sup> This estimate is derived from the following: in 2018-19, people eligible and waiting for residential aged care spent 291,021 days in hospital (SCRGSP 2022b, table 14A.32). The median wait time was 152 days and there were 60,657 admissions (SCRGSP 2022b, table 14A.25), suggesting about  $152 \times 60,657 = 9,219,864$  days spent waiting for residential aged care, and 291,021 is approximately 3% of 9,219,864.

<sup>15</sup> Among older people who received informal care at least several times a day in 2018, about half had been hospitalised in the preceding year (Productivity Commission estimate based on ABS (2019)).

<sup>16</sup> This is the average recurrent cost per inpatient bed day of for psychiatric care in non-acute unit in a general acute hospital (SCRGSP 2022a, table 13A.37), used because 1) no data is available for non-psychiatric care, and 2) the cost psychiatric care in non-acute unit is probably more indicative of the cost of the low level of care that would be needed for a patient who could be discharged if an informal carer were available to them.

carers had substantially higher health care use than non-carers but its authors do not interpret this to be a causal effect of informal care provision on health care use (Chan et al. 2013). The only study we are aware of that studied the effect of carer leave on carers' physical and mental health did not find evidence of an effect (Gimm and Yang 2016).

**Table E.5 – Studies looking at the effect of informal care on the use of health care**

| Study                                      | Country and cohort of interest   | Effect on outpatient care   | Effect on inpatient care   |
|--|--|---|--|
| <b>Care recipients</b>                     |  |   |  |
| <b>Van Houtven and Norton (2004)</b>       | United States; informal care provided to people aged 70 and older by their children, 1995–1998.        | On average, a 10% increase in informal care hours led to a 0.16 percentage point decrease in the probability of having outpatient surgery.<br><br>On average, a 10% increase in informal care hours led to a 0.003 more doctor visits in two years (not statistically significant). | On average, a 10% increase in informal care hours reduced time spent in hospital by 0.1 days over two years.   |
| <b>Bolin, Lindgren and Lundborg (2008)</b> | Eleven European countries; informal care provided to people aged 50 and older by their children, 2004. | On average, a 10% increase in informal care hours led to a 0.3% increase in doctor visits among those who visited the doctor.   | On average, a 10% increase in informal care hours increased the probability of having an overnight stay in hospital in a year by 0.1 percentage points.                              |
| <b>Weaver and Weaver (2014)</b>            | Switzerland; informal care provided by a co-resident, 2004–2007.                                       | –   | On average, living with an informal carer had no effect on probability of hospitalisation but reduced time spent in hospital among those who were hospitalised by 1.9 days per year. |
| <b>Informal carers</b>                     |  |   |  |
| <b>Bremer et al. (2015)</b>                | Eight European countries; informal care provided to people with dementia.                              | On average, one extra hour of informal care provided per day increased the probability to an additional monthly doctor visit by 0.011 percentage points (not statistically significant).  | –  |
| <b>Chan et al. (2013)</b>                  | Singapore; informal care provided to people aged 75 and over.  | On average, informal carers had 1.27 times as many outpatient visits as non-carers.   | –  |

## **Fiscal effects of leave taken by entitlement users who would otherwise have quit their job**

Had the entitlement been in place in 2018-19, the leave that would have been taken by those who quit their job would have increased income tax receipts and reduced social security payments as it would have facilitated an easier return to paid work.

These effects would probably have been quite small. We expect that only about one quarter of this group would have exercised their right to return. This means that the entitlement would only have induced about 1.5 months of additional work per person (appendix D). However, this potentially understates the effect of the entitlement on income tax receipts, as those who returned to paid work in the absence of the entitlement typically returned to a less well-paying job than the one that they quit.

### **Effect on income tax receipts**

We estimated the effect on income tax receipts that the additional paid work undertaken by those who otherwise quit their job would have had by subtracting the income tax actually paid by those carers in the 4.5 years after they quit their job from a modelled amount of income tax that they would have paid had they used the entitlement, and scaling this by 85% (for the same reason as with the other cohort of entitlement users, box E.5).<sup>17</sup>

Using this method, we estimate that the additional income tax that would have been paid by those who quit their job in 2018-19 had they used the entitlement to be about \$1,000 per person (Productivity Commission estimates based on HILDA Release 20).

However, our method for modelling the amount of income tax that would have been paid by those who would have exercised their right to return to work assumes that they did not transfer to a less demanding role or reduce their working hours on return, as some may well have done.

### **Effects on social security payments**

We estimated the effect on social security payments that the additional paid work undertaken by those who quit their job but would have used the entitlement if it were available as the product of:

- the share of these carers who received an employment-contingent social security payment (the Carer Payment and Jobseeker Payment/Newstart Allowance) after quitting paid work (about one-third)
- the additional paid work among this cohort induced by the entitlement (about one month per person)
- the rate of the Carer Payment (about \$22,000 per year) in 2018-19
- the same 85% scaling factor applied in previous treatments of income tax receipts and social security payments, for the reasons outlined in box E.5.

Using this method, we estimate that the reduction to the social security payments paid to those who quit their job in 2018-19 had they used the entitlement to be about \$1,000 per person (Productivity Commission estimates based on HILDA Release 20).

<sup>17</sup> Throughout this subsection and the next, we have inflated/deflated income tax receipts by the average per-person change in income tax receipts to allow for comparability between time periods.



## Summing up

Overall, the fiscal impact of the entitlement is likely to be negative and around several hundreds to thousands of dollars per entitlement user.

Entitlement users who would remain in paid work in the absence of the entitlement would temporarily cease paid work to provide more informal care. This would reduce income tax receipts, increase social security spending, and slightly lessen the pressure on subsidised formal aged care and health care. And some entitlement users who would quit their job in the absence of the entitlement would exercise their right to return and return to work faster than they otherwise would (if at all). This would increase income tax receipts and reduce social security spending.

## E.5 Total costs and benefits

We have not found conclusive evidence of whether the benefits of the entitlement (to employees, care recipients, employers and taxpayers) or the costs would be higher. A stronger case can be made for the costs exceeding the benefits than vice versa, but much uncertainty remains.

### Evidence from quantified costs and benefits

While highly imperfect, the only monetary estimates of costs and benefits that are available suggest that the costs exceed the benefits.

- *Entitlement users:* Skira (2015) found that the median user of an entitlement to two years of unpaid carer leave would benefit by an amount equivalent to about 55% of average full time annual earnings, or about \$50,000 in Australia in 2021 (section E.1). As discussed earlier (section E.1), this is likely to be a substantial overestimate of the benefits to employees of the entitlement to extended unpaid carer leave considered here.
- *Care recipients:* A literature review suggests that care recipients would benefit by \$3,000–4,000 per entitlement user (section E.2).
- *Employers:* The only studies to place a dollar value on costs to employers are Ginja, Karimi and Xiao (2023), who estimate that an unforeseen Swedish parental leave entitlement cost employers the equivalent of 20 months of a full time equivalent salary per user, or about \$150,000 in Australia in 2021, and Brenøe et al. (2020), who found that a Danish parental leave entitlement did not impose any costs on employers. A midpoint of these two estimates suggests a cost to employers of about \$75,000 (section E.3).
- *Taxpayers:* The entitlement is likely to have a negative fiscal effect within a range of benefits between -\$6,400–\$800 per entitlement user (section E.4).

Tallying up these costs and benefits suggests a net cost of at least \$20,000 per entitlement user (as the benefits to entitlement users have probably been overestimated). But several issues make this finding far from conclusive.

- On these estimates, the costs do not greatly exceed the benefits – the benefit/cost ratio is as high as 0.7. Moderately sized errors in some of these estimates could reverse the conclusion.
- The most well-studied of these costs/benefits are the costs to employers, but these studies have come to quite differing conclusions about these costs. And only one study has estimated a dollar value of the costs of leave taken on fairly short notice (as carer leave would be).
- Cost–benefit analyses such as this assume that markets are sufficiently well-functioning that everyone is willing to pay about the same amount for an additional unit of each of the goods or services in question. This is not a reasonable assumption here because informal care and an entitlement to extended unpaid



carer leave are not usually traded (let alone on a competitive market). This means that differences in wealth result in differences in willingness to pay for these services. That said, the benefits measured above are averaged across low and high wealth carers and across low and high wealth care recipients, and the measured values indicate that the average willingness to pay is not large.

- The policy implications of a cost-benefit analysis should be treated carefully when the analysis includes both employers and individuals. The fact that the benefit (in dollars) to carers is outweighed by the cost to firms and taxpayers implies that a monetary transfer to these carers would be more efficient. However, if policymakers did want to support carers in these specific circumstances, there may be no effective way to target them with the transfer system.

## Evidence from preferences revealed via enterprise bargaining

Another argument that could be mounted for the total costs exceeding the total benefits is that an entitlement to extended unpaid carer leave appears in few enterprise agreements. This fact could be an indication that the costs to those directly affected (employers, employees and care recipients) outweigh the benefits. We randomly sampled 500 enterprise agreements and found that the entitlement (or a provision similar to it) did not appear in any of them. This suggests a 99% confidence interval for the share of agreements containing the entitlement is 0–1%. As the entitlement would have a negative fiscal impact, this might suggest that the total costs would exceed the total benefits.

As enterprise agreements are negotiated between employers and employees, the outcomes of negotiation partly reflect the relative costs and benefits that each party ascribes to a workplace entitlement. If an entitlement conferred larger benefits on employees than the costs it imposed on employers, and if these benefits were shared among employees, then – in principle – they should be able to negotiate it into an enterprise agreement in exchange for reductions in pay and/or other workplace entitlements. But, in practice, frictions might prevent this:

- enterprise bargaining is time-consuming, which limits the scope of negotiations
- employers and employees both have imperfect information about the costs and benefits of entitlements
- in cases where the enterprise agreement is near to award-level pay and conditions, the better off overall test may prevent an entitlement from being negotiated in, because a potential employee could conceivably gain no benefit from it.

Enterprise bargaining is also probably less responsive to the benefits to employees from a workplace entitlement when those benefits are concentrated among a small minority of employees (as is expected to be the case for an entitlement to extended unpaid carer leave). Enterprise agreements must be agreed by the majority of employees. That said, some negotiations might reflect the preferences of employees who are relatively more concerned about their entitlements as they would be more engaged with the bargaining process. Above-NES and above-award entitlements that would probably benefit only a minority of employees have been negotiated into enterprise agreements, such as extra compassionate leave (22% of agreements in 2014–2017), extra paid sick leave (10% of agreements), paid domestic violence leave (7% of agreements) and unpaid domestic violence leave (3% of agreements).<sup>18</sup> And, shortly prior to the introduction of government-funded paid parental leave in Australia, 15% of enterprise agreements had paid maternity leave

<sup>18</sup> This excludes all agreements for which corresponding award entitlement was above NES level of unable to be determined, which leaves 40–50% of agreements depending on the entitlement. In the case of domestic violence leave entitlements, it includes only agreements that took effect prior to the Fair Work Commission first indicating that it would add an unpaid domestic violence leave clause to all awards on 3 July 2017, as this may have influenced negotiations. All statistics are Productivity Commission estimates based on the Workplace Entitlements Database Dataset.

provisions (although we are unsure what share (if any) reflected an underlying award condition rather than the outcome of negotiation) (PC 2009).

Due to the limitations of the enterprise bargaining process, and the fact that most employees are not covered by an enterprise agreement, some employers offer a *de facto* entitlement to extended unpaid carer leave via their workplace policies (appendix D). While we have no concrete evidence about how common this practice is, it seems unlikely to be widespread as we estimate that less than 30% of people who wanted to take extended unpaid carer leave in 2018 actually did.<sup>19</sup>

To summarise, the entitlement not appearing in a particular enterprise agreement is not a good indication that the benefits it would offer to the employees covered by that agreement would be smaller than the costs it would impose on their employer. But the fact that an entitlement to extended unpaid carer leave appears in – at most – a small minority of enterprise agreements provides some indication that its benefits to all employees are less than its costs to all employers.

And of course, care recipients get no vote in enterprise agreements. But at least some of the benefits to them would be internalised by their carer. Caregiving is motivated by a concern for care recipients' interests, and care recipients always have the option of financially supporting their carer (although it appears that few do).

---

<sup>19</sup> Appendix D found that 7,000–17,000 people would have used the entitlement if it were available in 2018 in addition to the up to 3,000 people who took extended unpaid carer leave in that year.

## F. Distributional impacts of an entitlement

### Key points

- ✱ **While in the short term employers will bear the costs of an entitlement to extended unpaid carer leave, over the long term they are likely to pass the costs on to employees (through lower wage growth) or to their customers through price increases.**
  - How much of the costs are passed on to workers will depend on how much employees value the entitlement. There is little evidence that employees place a higher value on an unpaid carer leave entitlement (which they may not use) than a wage loss, which suggests the passing on of costs to wages may be limited.
  - The employees who are most likely to value (and use) an entitlement to unpaid carer leave are those in low paid industries and industries with a high proportion of female employees. As such, an entitlement to extended unpaid carer leave could reduce earnings for women and exacerbate gender wage inequality.
  - The uneven sharing of long-run costs in this way compares unfavourably to other policies to support carers where the costs are paid by taxpayers and shared more evenly across the economy.
- ✱ **An entitlement to extended unpaid carer leave could also have negative effects on the recruitment and career progression of women. While there is little evidence on the consequences of an entitlement to unpaid carer leave on hiring practices, there is some evidence that maternity benefits and parental leave affect the employment, salary and promotion opportunities of young women. Any negative effects are likely to be small given the expected low uptake of an entitlement, however this could change with population ageing and increased demand for informal care.**
- ✱ **An entitlement to extended unpaid leave to care for older people could send a signal that taking time out of work to care is valued by the community, and change attitudes in the workplace about caring. It could help normalise leave-taking for caring and make it easier for employees to have conversations with their employers about changing working arrangements to facilitate caring.**
- ✱ **An entitlement, by creating a minimum standard of extended unpaid leave, would improve equity among working carers of older people who require 1-12 months of unpaid leave, but it would not improve equity across caring situations (such as where employees required leave for episodic care or for more than 12 months). And, with unequal sharing of caring responsibilities between women and men, an entitlement to extended unpaid carer leave is likely to reinforce inequality in work and care (although these effects are likely to be small given the small number of employees expected to take it up).**

Deciding whether a policy change is worthwhile requires the distributional impacts and implications to be considered. This includes taking into account relevant equity objectives and considering who will benefit and who will lose from a policy change.

The costs and benefits of policy changes are rarely spread evenly and the indirect effects of policy changes are also often less visible than the direct effects, but they can affect distributional outcomes. And policy changes that impose large costs on disadvantaged groups (or mainly benefit advantaged groups) can be viewed by the community as unfair (and resisted). Concentrated losses can also lead to a focus on, and concern for, the losses of a policy change over the gains – even if the benefits of a policy change in aggregate outweigh the costs.

The Productivity Commission estimates that the overall benefit of an entitlement to extended unpaid carer leave will be modest at best (appendix E), however, even small benefits (and costs) can translate into significant impacts for vulnerable sections of the community, including for some groups of carers and care recipients. This appendix builds on appendices D and E and looks at the potential distributional impacts of an entitlement to extended unpaid leave for carers of older people.

The first section (section F.1) examines potential long run effects of an entitlement to extended unpaid carer leave on carers. The second section (section F.2) looks at the effect of an entitlement to extended unpaid carer leave on particular groups of carers and priority population groups.

## **F.1 An entitlement could have long run effects on sections of the workforce**

### **Costs to employers are likely to be passed on to others**

Net costs to businesses will be increased by an entitlement to extended unpaid carer leave (appendix E) and while employers may have no option but to bear these costs in the short term, over the long term competitive pressures imply that they are likely to pass these costs on to others. There are two ways employers can pass on the costs of an entitlement to unpaid carer leave – to consumers through higher prices for products and services or to employees through lower wages.

Where wages are set by market interactions between employers and potential employees, an increase in costs resulting from a mandated condition of employment (such as an entitlement to extended unpaid carer leave) will reduce overall demand for labour which in turn will lower wages and the overall level of employment (Summers 1989, p. 180). The effects on wages growth would occur over the long term, as employers take time to recoup increased costs through reduced wage growth.

And in reality, wages are not so moveable (minimum wages could act to maintain wage growth in the short term). 23% of the Australian workforce are on industry awards (ABS 2022b) where minimum rates of pay, conditions and entitlements are set by the Fair Work Commission (FWC) through periodic reviews. The national minimum wage is reviewed every year (FWO 2022a), based on submissions and consultations with interested parties, and commissioned research by the FWC's Expert Panels. Part of this review process considers overall business conditions, including financial performance of businesses in different industries, such as profits, revenue, and investment levels.

This process is the most likely source of wage adjustments arising from increased costs to businesses resulting from an entitlement to extended unpaid carer leave. And while rates of take home pay rarely go down, increasing costs to businesses may provide grounds for the FWC to hold back pay rises to workers in

sectors heavily represented by award and minimum wage workers. Over time there may be a decrease in earnings growth for award-based workers compared to other workers.

### **The perceived value of an entitlement to employees will affect pass-through**

However, just how much of the increase in costs from an entitlement is passed onto employees is likely to vary depending on the extent to which employees value the entitlement – if the entitlement provides a pecuniary value for employees they may be willing to work for less money (Summers 1989, p. 180). There is some evidence of a positive correlation between a benefit provided to an employee and how much of the cost is passed on to them. Programs providing clear direct benefits to employees (such as Japanese Health Insurance, U.S. mandated maternity benefits and French pension contributions) have pass-through rates of 100% and beyond, while programs with more opaque direct benefits (such as payroll taxes) show substantially less pass-through (Coates, Mackey and Cowgill 2020, p. 14).

Several studies have examined whether changes to the costs of employment are passed through in lower wages, including:

- Bozio, Breda and Grenet (2019, p. 29) examined the impact of three reforms to employer social security contributions in France. One reform related to a complementary pension scheme, with a strong link between contributions and an expected benefit for the employee. The other reforms were for more general benefits, for families and health care. This study estimated the pass-through of costs for complementary pension schemes to be close to 100% but found no strong evidence of pass-through for the other two reforms.
- Komamura and Yamamda (2004, pp. 10–12) examined two compulsory employer contributions to social insurance schemes in Japan – a health insurance society (which covers the medical costs of workers and their families), and a long-term care insurance society (which is levied on employees over the age of 40, and predominantly covers the care costs of the elderly). This study estimated the pass-through rate for the health insurance society to be 90–100%, but did not find strong evidence of pass-through for the long-term care insurance society.
- Coates, Mackey and Cowgill (2020, p. 3) looked at the effect of increasing the superannuation guarantee in Australia, and found that 80% of the costs were passed on to employees (within the life of an enterprise agreement).

These studies suggest a positive correlation between the benefit provided to the employee and how much of the costs are passed on to them. This accords with workers placing a higher value on provisions that more directly benefit them. However, there is little evidence to suggest that employees would place a higher value on an unpaid carer leave entitlement (which they will not necessarily use) than a wage loss. This suggests that if there is an unpaid leave entitlement, pass-through of costs to wages may be limited.

The long run costs of an entitlement are most likely to fall on employees in the industries where an extended unpaid carer leave entitlement is most likely to be used (that is, in industries with a high proportion of female employees, such as health and aged care), rather than being shared equally across the economy.

Long-run downward pressure on wages in female-dominated industries could also exacerbate gender wage inequality. Some concerns were raised about the effects of an entitlement to extended unpaid leave on wages in heavily feminised sectors, including the aged care workforce. For example, Ai Group argued that:

... the costs are also most likely to be disproportionately experienced by those sectors with a higher prevalence of employed primary carers ... An extended leave entitlement is likely to further reduce earnings for working women. (sub. 34, p. 14)

An entitlement to extended unpaid leave to care for older people will also mostly be taken up by carers at the lower end of the income distribution (appendix D). While low income employees stand to disproportionately

gain from the benefits of an entitlement to extended unpaid carer leave in the short term, they are also likely to pay for an entitlement over the longer term through lower wage growth. Workers in low paid industries or workers in occupations with a high proportion of women could be made worse off by paying for an entitlement to extended unpaid carer leave that they may not use (although there could be some benefit knowing that they can access extended unpaid carer leave if the need arises). The size of this long run effect will depend on factors such as the size of the costs to businesses, the extent to which the costs are passed on, and the number of entitlement users in a firm or industry.

The sharing of long-run costs in this way compares unfavourably to other policies to support carers (like financial support and government-funded services) where the costs are paid by taxpayers and shared more evenly across the economy.

## The potential effects of an entitlement on hiring practices

Concerns were also raised by participants about stigma and discrimination because of caring responsibilities and the effects of an entitlement on hiring practices (Carers NSW, sub. 20, p. 9, Women Lawyers Association of Queensland, sub. 4, p. 5). Merri Health, for example, said:

Carers worry about hiring discrimination and highlight the need for carers to know their employment rights. Merri Health staff suggest hiring discrimination against carers may be more likely to occur in industries which have demonstrated hiring discrimination against parents, due to carers appearing to be needing more time off work and flexibility versus employees without caring responsibilities. (sub. 18, pp. 9–10)

And the ACCI:

... women of a certain age may be perceived to have greater caring responsibilities, even if this is not reflected in statistics. Consequently, that perception may lead to harmful effects for the hiring of those prospective employees. (sub. 35, p. 15)

The *Fair Work Act 2009* (Cth) prohibits discrimination against employees on the basis of their family or carer's responsibilities (s. 351(1)) and provides the Fair Work Ombudsman with the authority to investigate allegations of unlawful workplace discrimination and to initiate litigation against a national system employer for contravening the Act (s. 682(1)).<sup>1</sup> However, some employers could feel pressure to find ways to minimise the costs of the entitlement by modifying their recruitment, training, promotion and retention practices. This could come at the expense of the people who are most likely to take the entitlement. More benignly, it could also lead to a concentration of carers in industries that are more amenable to supporting carer entitlements – including flexible working arrangements.

While there is little evidence on the consequences of an entitlements to unpaid carer leave on hiring practices, there is some evidence that maternity benefits and parental leave affect the employment, salary and promotion opportunities for young women. For example:

- Ginja, Karima and Xiao (2023) estimated the costs associated with staff turnover following the extension of a 3-month parental leave program in Sweden and found that private sector firms increased their permanent and temporary staff by hiring new permanent workers and by increasing the work hours of existing staff. These reforms were, however, correlated with fewer hires and lower starting salaries of young women compared with men and older women.

---

<sup>1</sup> Carers are also included in several discrimination focused Acts: the *Anti-Discrimination Act 1977* (NSW), the *Sex Discrimination Act 1984* (Cth) and the *Disability Discrimination Act 1992* (Cth) (Carers NSW, sub. 20, p. 12).

- Gruber (1994, pp. 622, 634) looked at incorporating maternity benefits into health insurance in the United States in 1978 (the cost of which was incurred by employers) and found that the increased costs had the unintended consequence of reducing the likelihood of married women being hired by private firms.
- Thomas (2020, p. 3) explored some of the factors underpinning the gender pay gap in the United States by examining the effect of the *Family and Medical Leave Act 1993* (US Federal) and found that women who were hired after the enactment were more likely to remain employed, but were less likely to be promoted.
- Xiao (2019) explored some of the factors contributing to the persistent gender wage gap in Finland and found that a large proportion of the gender wage gap in early career women was attributed to employer behaviour based on perceived fertility concerns. Xiao also suggested that women may be choosing to take on jobs that offer lower wages and more workplace flexibility.

The negative effects, however, are likely to be small given the small proportion of employees expected to take up an entitlement to extended unpaid carer leave, although this could change with population ageing and increased demand for informal carers.

## An entitlement to strengthen the bargaining position of employees?

Some participants argued that an extended unpaid carer leave entitlement could help normalise leave for caring and make it easier for employees (particularly those with little bargaining power) to have conversations about arrangements for juggling work and care. For example, Carers NSW spoke about 'low levels of carer recognition in the community' and 'limited carer awareness' and 'recognition by employers' resulted in inadequate support for carers in the workplace (sub. 20, p. 9).

Arafmi Ltd, also suggested that:

Its [an entitlement for extended unpaid carer leave] real value for the majority of carers will be to the extent that it helps promote this change in the conversation between working carers and their employers, enabling a bit more of the kinds of informal workplace flexibility that reduce the stress and fatigue carers experience in juggling work and care. (sub. 53, p. 6)

A number of carers told the Commission that they are reluctant to talk to their employer about their caring role or request changes to their working arrangements because of fear of negative career consequences. Carers NSW said: 'carers often report that they are afraid to disclose their caring responsibilities ... as they believe it will adversely impact how their managers and colleagues will perceive and treat them' (sub. 20, p. 12). We also heard about the lack of employer awareness and understanding of caring needs (Dementia Australia, sub. 12, p. 13).

For those carers who had had conversations with their employers about their caring role, some said that their employers had responded positively to requests for leave and changed work arrangements to care, others – particularly those in lower-paid and casual positions – reported their workplace to be unsympathetic to such requests and their applications for carer leave not taken seriously.

- The Shop, Distributive and Allied Employees' Association reported its members (low paid workers who typically live in low-income households) are not well supported at work when they need to care. Workers also reported being the subject of insecure and unpredictable rostering practices, with little recognition of caring responsibilities, and punishment for needing time off or rosters to support caring responsibilities (sub. 38, pp. 5, 7).
- Women Lawyers Association of Queensland said that flexibility and support in the workplace are not always accessible to women who work in law – '[m]any of our survey respondents indicated that there is limited flexibility in their workplaces, even for the purposes of taking paid personal/carer's leave when personally ill' (sub 4, p. 3).



- The Australian Nursing and Midwifery Federation also reported that '[d]espite a clear desire amongst caregivers for flexible working arrangements, respondents [to a survey of ANMF members with carer responsibilities] commented that workplace flexibility was difficult to obtain. Many respondents indicated that they were denied flexible working arrangements and were instead forced to reduce their hours of work, accept casual work or cease employment entirely' (sub. 39, p. 14).

Carers responding to the Carers NSW 2022 National Carer Survey also reported having difficulty balancing paid work and care, in part because of power imbalances in the workplace, especially for employees in low-paying or insecure employment (Carers NSW, sub. 20, p. 9).

An entitlement to extended unpaid leave to care for older people could send a signal that taking time out of work to care is valued by the community and change attitudes in the workplace about caring. And this could help normalise leave-taking for caring and make it easier for employees to have conversations with their employers about changing working arrangements to facilitate caring. That said, it is difficult to know the size of any effect.

## **F.2 An unpaid leave entitlement could fill particular gaps**

### **Equity grounds for an entitlement?**

#### **Inequitable access to unpaid leave and flexible working arrangements**

Carers are a diverse group with diverse needs and some caring roles are more intense than others. In the case where caring is likely to be intense and contained within a discrete timeframe, unpaid carer leave could be a better option for carers than flexible working arrangements. For example, if parents are located in another state, then flexible working arrangements will not allow the worker to provide care. And, in the absence of a mandatory legislated entitlement, some carers will not have access to extended unpaid carer leave.

The Cancer Council Australia and McCabe Centre for Law and Cancer argued that there are equity grounds for considering an entitlement to extended unpaid carer leave.

While extended unpaid leave may only be used by a small proportion of working people, it can secure employment for a particularly vulnerable population (including carers of people with cancer) who may be unable to 'choose' to utilise flexible working arrangement entitlements due to the unpredictable and intense time commitment of caring responsibilities and the inability to meet the competing demands of the workplace. Valuing unpaid carers requires attention to the full spectrum and diversity of unpaid caring work and affording equal recognition and worth to all unpaid carers. ... It is therefore crucial [to] ... consider the case for extended unpaid carer's leave from an equity perspective to ensure that carers with the greatest needs receive the greatest protections and support. (sub. 57, p. 5)

And the Older Persons Advocacy Network argued for 'equity between carers in different occupational categories and across different employers' (sub. 45, p. 3) noting that:

While there are some employers providing access to extended unpaid carers leave the fact that this is not available to all employees across Australia provides a strong impetus for including within the NES. This should be a right for all employees who are employed full or part time. (sub. 15, p. 2)



For some carers, including those working in particular occupations or industries, workplace flexibility may not suit their work. Some roles require work in a set location and during specific hours which reduces the types of flexible working arrangements that are available to employees. The Women Lawyers Association of Queensland gave the example of court-facing and client-facing roles, which require lawyers to be physically present (sub. 4, p. 3).

While there is limited information on what types of employers offer extended unpaid leave to their employees (including via a workplace policy document, employment contract or request by an employee) access is more likely to be available to people working in the public sector and in large companies, and for highly paid workers and permanent full-time employees (Colombo et al. 2011, p. 124). Arguing the case for an entitlement to extended unpaid leave, one carer said ‘give all carers choice’.<sup>2</sup>

An entitlement, by creating a minimum standard of extended unpaid leave for working carers of older people, would expand access to unpaid leave to a wider group of carers and improve equity among some carers of older people. It would also reduce the risk of carer situations where leaving the workforce is considered the only option.

However, an entitlement would not provide equity across different groups of carers or caring situations. For example, an entitlement to extended unpaid carer leave would not address the needs of carers whose caring role lasts for more than a year, or who need to provide care on an episodic basis. Support to re-enter the workforce for carers who resigned to care would benefit a larger group of carers, and be more equitable than unpaid leave.

An entitlement to extended unpaid carer leave that is restricted to carers of older people would also not be equitable across all carers, a point made in a number of submissions (Australian Federation of Disability Organisations, sub 56, p. 7; Australian Psychological Society, sub. 27, p. 3).

One of the International Labour Organisation’s core principles for transformative care policies is that these policies should be universal and provide equitable and adequate benefits without any exclusion and discrimination (Addati et al. 2018, p. 116). As discussed in the main report, for reasons of equity (and administrative simplicity), it is the Commission’s view that if the National Employment Standards were amended to include an entitlement to extended unpaid carer leave, it would be reasonable to make it available to all carers.

## **An entitlement – what effect on priority groups?**

An entitlement to unpaid carer leave is likely to have varying effects on carers based on their circumstances. As noted by Carers NSW, it is important to consider the effects of an entitlement on these diverse carer groups.

... even while the introduction of extended unpaid carer leave may provide relief for some carers, greater consideration and research is needed to ensure any carer leave model is sensitive to intersectional issues and is able to respond to the unique and specific needs of diverse carer groups who may already be limited from accessing existing support for carers in the workplace. (sub. 20, p. 12)

Some participants pointed to priority population groups that could particularly benefit from an entitlement to extended unpaid leave (and other forms of support). For example, the Older Persons Advocacy Network said:

... the net benefits to the community of providing access to extended unpaid leave will include ... better support for priority population groups such as older people from culturally, ethnically,

<sup>2</sup> A comment made by one of the carers participating in the lived experience roundtable.

and linguistically diverse backgrounds and older people living in rural and remote Australia.  
(sub. 45, p. 2)

Others raised concerns about an entitlement to extended unpaid carer leave potentially having a disproportionate negative impact on some groups of carers.

... single people who are carers, young carers, or single income families are [un]likely to ... have the option of simply cutting back their hours of employment, leaving the workforce for a few weeks or months without quite significant negative impacts. There may be types of informal carers who would not benefit at all from unpaid leave and may in fact experience harms from it because of the other systems and circumstances that impact their lives. (Lived Experience Australia Ltd, sub. 44, p. 4)

However, there is no clear, cross-group indication about whether cohorts with a greater propensity to provide informal care for older people would benefit more or less than other groups from an entitlement. Such a judgement may rest on whether the entitlement increases or reduces the choices and opportunities available to carers.

### **When is caring a choice?**

Overall, a new entitlement to extended unpaid carer leave would benefit those who take it up. As most primary carers of older people are women, an entitlement to extended unpaid carer leave will be of most benefit to them.

The fact that a carer chooses to take leave should be an indication that extended unpaid leave is their best available option. However, this only applies if the person taking leave to care is not making a constrained choice – a choice made out of necessity, a sense of responsibility or emotional attachment, or societal pressure. A number of participants suggested that carers can be pressured into taking leave, including by other members of their family.<sup>3</sup>

Just 12.5% of surveyed female carers responding to Carers Australia's Carer Wellbeing Survey,<sup>4</sup> reported that they could have chosen not to be a carer. For male carers this figure was 23.3% (Schirmer, Mylek and Miranti 2022, p. 32). Likewise, carers report a sense of responsibility (70%) and emotional obligation (47%) as the two main reasons for taking on the role of primary carer. 35% of carers reported that 'no other friends or family were available' to provide care and 16% reported that they 'had no other choice' but to become a carer (ABS 2019a).

Having a choice about caring was also associated with better wellbeing – 25.5% of all carers surveyed (who actively chose to take on the caring role) reported high wellbeing, compared with 7.8–10.6% of those reporting little or no choice (Schirmer, Mylek and Miranti 2022, p. 34).

Some carers are more likely to experience this pressure to care than others. Carers NSW said it was concerned that:

... women may be disproportionately represented in those taking carer leave due to entrenched gender ideologies and power structures within romantic and familial relationships, and in so doing further disadvantage women in other, less apparent ways such as hindering career advancement and promotion and further limiting the accumulation of superannuation. (sub. 20, p. 8)

---

<sup>3</sup> Australian Services Union (sub. 30, p. 6); Carers NSW (sub. 55, p. 2); Lived Experience Australia Ltd (sub. 44, p. 3).

<sup>4</sup> The 2022 Carer Wellbeing Survey contains responses from 5,992 Australian carers, with findings statistically weighted to be representative of Australia's carers based on information from the SDAC.

If having the option of taking extended unpaid leave makes it more likely that a carer will be pressured to take leave, then a carer could be made worse off by having the option. However, if in the absence of an entitlement to extended unpaid carer leave a carer would face pressure to quit paid work to provide care, they may be better off taking leave. An entitlement that allows employees to take between 1–12 months unpaid leave could also induce other family members to share the caring role when the unpaid leave ends.

The decision to care may also not be a choice when formal care is not available. The Older Persons Advocacy Network commented that:

When people do not have access to enough affordable, high quality and culturally safe care, their capacity to exercise choice is considerably constrained. (sub. 45, p. 3)

We heard about carers quitting work to care for an older person who had been approved for a high-level home care package but not yet received the package. Others spoke about being required to monitor and supplement formal care (both residential care and home care) to ensure all of the care recipient's needs were met.

There will always be limits to the amount of formal care that the government can provide; and that will have implications for informal carers. That said, if the government has committed to making available a certain level of care to older people, shortfalls in the level of care can place undue pressure on carers (appendix G). Shortfalls in formal care are more likely in regional and remote Australia. Culturally appropriate care for groups, such as Aboriginal and Torres Strait Islander people, culturally and linguistically diverse people, and LGBTI+ people can also be thin on the ground.

## **The impacts on women**

Because women are more likely to take on caring roles than men (box F.1), they will be more likely to take up an entitlement to extended unpaid leave. A key reason why women take on the role of caring for older family members is because they earn less than their partner (or other family members), and this is often because of career disruptions from child rearing. As Carers NSW put it:

Women are statistically far more likely to take on more intensive caring roles in response to social conventions and expectations, and are also far more likely to take time out of work, exit the labour force, work part time, and work in casualised, lower paid occupations and industries in order to care. This dynamic, alongside the impact of child care on workforce participation, is a key contributor to the well-established disadvantage women experience in relation to income level, asset ownership and superannuation balance. (sub. 20, p. 8)

The gender pay gap can impact on the decision to take leave in several ways. If a woman is earning less than other family members, family and extended family may be more likely to place pressure on her to take leave to care for older people in the family. Caring may not be a choice.

Likewise, if a woman is earning less than her partner, the couple may decide that the optimal caring decision is for her to take leave (or quit). And while this could be the best decision for the family, financially, deciding to take leave can have unforeseen impacts on the woman's bargaining position in the family later on. It is important for carers to have access to the resources to help them make an informed choice about taking leave to care.

The Older Persons Advocacy Network argued that an entitlement to extended unpaid carer leave would improve choice for people.

Creating an entitlement to extended carer leave starts to build greater choice for people – both their perception of their ability to make choices and the actuality. An entitlement to leave is empowering for carers and for older people, as many older people may feel more comfortable

asking their family members for assistance, if they know they are not asking them to give up their job entirely. (sub. 45, p. 3)

However, other participants raised concerns about the consequences of an entitlement to unpaid leave for women's income, career progression and retirement savings.

Women will be overrepresented when it comes to accessing this type of leave and providing unpaid care. As a consequence, women will experience a reduction in future income, retirement income, workforce participation and opportunities for career progression. These outcomes are counterproductive to the objective of gender equality. (Australian Nursing and Midwifery Federation, sub. 39, p. 4)

If the leaves are unpaid and are mostly taken by women, this may increase the gender gap in lifetime earnings and retirement incomes. (Women, Work and Policy Research Group, sub. 28, p. 5)

While extending unpaid leave might allow for an increase in informal care, such increase is likely to come at the expense of the earning capacity of the women who undertake the carer's role. Further, while employees may take up extended unpaid carer leave, unpaid leave undermines the value offered by informal carers, and particularly the career and financial trade-off for those women who will do the majority of this informal care. The latest figures from the Workplace Gender Equality Agency indicate that on average, women earn \$255.30 less per week than men. Extending unpaid carers leave would significantly burden women, and further reduce their income earning capacity.

... any extended carers leave must carry some compensation for this valuable role, whether that compensation is employer based or government based, to address the flow-on effect of women bearing the majority of caring responsibilities – with unpaid leave women are disproportionately left to bear the financial cost – not only of relevant lost wages, but also in terms of building superannuation for the future. Reduced income and superannuation serve only to delay the cost to government (and the national economy) of providing care to the next generation of workers. (Women Lawyers Association of Queensland, sub. 4, pp. 6-7)

Employees in older age groups will often have valuable skills and experience (with substantial costs to employers in terms of lost productivity). As shown in box F.1, the earning period lost to caring coincides with the most valuable earning opportunities. The *Caring Costs Us* report estimated that on average (and at 2021 subsidy settings), a person who becomes a primary carer will lose \$392,500 in lifetime earnings to age 67; and \$175,000 in superannuation at age 67 (Furnival and Cullen 2022, p. 3).

The right to return to work could be of particular benefit to older women who otherwise could find it difficult to re-enter the workforce after an extended period of caring. There is some evidence that they can face more discrimination in hiring and on the job than men. The National Prevalence Survey of Age Discrimination in the Workplace found that women were more likely than men to be perceived as having outdated skills, being slow to learn new things, or as someone who would deliver an unsatisfactory job (51% versus 38% respectively) (Australian Human Rights Commission 2015, p. 51).

However, there are better options than unpaid leave for most carers. Greater access to flexible working arrangements could mean fewer financial losses, more opportunities to co-care for a person with a number of other people (for example, siblings), and a greater sharing of the responsibility of caring (with better implications for income and career progression). A number of participants<sup>5</sup> also called for more paid carer

---

<sup>5</sup> Women, Work and Policy Research Group and the Work + Family Policy Roundtable (sub. 54, p. 4).

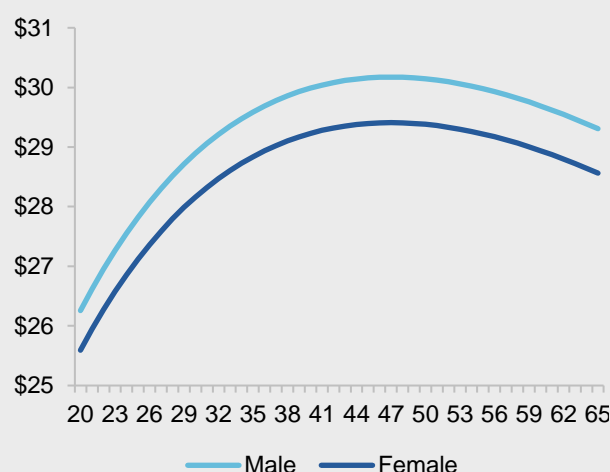
leave so taking leave to care does not compound the wage and life-time income gap between women and men. The Commission is recommending a review of the design of personal/carer's leave, including the quantum of leave (recommendation 4).

### Box F.1 – For women, caring cuts into their most productive years

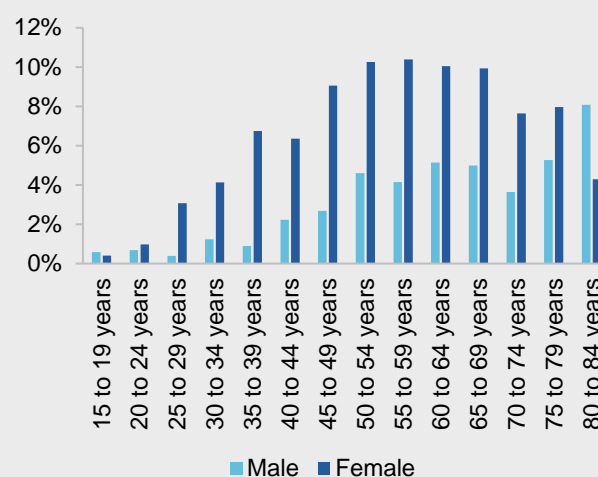
Earning capacity follows a fairly set path over time. Wages start low when people are young and rise steadily with the accumulation of human capital and greater personal productivity (usually peaking somewhere about 50 years of age) before tracking downwards towards retirement (Borjas 2016, p. 65). Based on HILDA and SDAC data, the Productivity Commission estimates (allowing for gender, educational attainment and cohort effects over time) peak earnings to be at about 47 years of age.

Peak caring plateaus at about 45–49 years of age, roughly coinciding with when a woman's earnings potential is likely to be at its maximum.

a) Lifecycle earnings per hour



b) Primary carers by age



Source: ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018*, Cat. no. 4430.0) and Productivity Commission estimates based on HILDA (Release 20, waves 15-20).

There are also ways to help carers return to work after taking time out for caring, including employment support services for carers. These will help all carers who take time out from work, either for short or very long periods. There are a number of programs available to help carers re-enter the workforce, including: Your Caring Way (Queensland, South Australia and Tasmania), the Carer Guidance Project (NSW) and Linking Carers to Vocational Opportunities (Victoria). For older women specifically, the Future Women's Jobs Academy helps (predominantly older) women find a job, transition to a new career, upskill, gain more hours of work or start their own business by providing training, mentoring, and connections to real jobs (Payne, Rushton and Hume 2022, p. 48).

Supports available to help carers back into the workforce are also discussed in section 8 of the main report.

## **Aboriginal and Torres Strait Islander women**

A recent report, *Gari Yala*, found that Aboriginal and Torres Strait Islander women with caring responsibilities are a particularly vulnerable group in the workplace. This report found that Aboriginal and Torres Strait Islander women were more likely to be in culturally unsafe and unsupported employment and have higher cultural loads and that 'caring responsibilities are an important additional dimension to consider when addressing issues of gender and Aboriginal and Torres Strait Islander identity in the workplace' (WGEA 2021, p. 1).

An entitlement to extended unpaid leave for carers would add another option for reconciling work and caring for Aboriginal and Torres Strait Islander women who have high caring loads. It could also help address power imbalances in the workplace and the ability of workers to negotiate mutually beneficial working arrangements between employees and employers.

As discussed below (and in appendix G), improving the availability of culturally safe formal care is important for reducing the load on Aboriginal and Torres Strait Islander carers, giving them more choice about when they provide care.

## **People from culturally, ethnically and linguistically diverse backgrounds**

Carers who are from culturally, ethnically and linguistically diverse backgrounds (CALD) could face strong cultural pressure to provide care at any cost. As a result, it is less likely that care is a choice among CALD carers. An entitlement to extended unpaid leave could make these carers worse off, if it increased the pressure for them to take time off from work.

For all communities participating in this project, it is traditional for younger members of the family to care for their aged. It is a clear duty of the younger people and an expectation by their elders. In Australia, the lifestyle is different and younger people are busy with work and their own families and have less capacity to do this. (Abbato and Durham 2011, p. 45)

As discussed above, caring may be a highly constrained choice if adequate formal care options are not available. Culturally appropriate care may be difficult to source. Some older people of CALD backgrounds revert to their first language as they age, and this can be one of a number of practical challenges encountered by families attempting to source and support appropriate aged care for a loved one. Improving access to formal care is a priority for this group. However, a right of return to previous employment could be particularly beneficial to CALD carers in light of potential workplace discrimination.

Carers from CALD backgrounds can also be less knowledgeable about their workplace rights and less likely to seek recourse. They may face challenges negotiating flexible working arrangements (Carers NSW, sub. 20, p. 13). Proactively providing information on carers' employment rights to working carers (recommendation 2) should help carers access entitlements.

## **LGBTI+ Australians**

Hetero-normative community expectations can also play a part in consigning LGBTI+ people to caring roles they did not necessarily seek. LGBTIQ+ Health Australia (sub. 22, p. 3) highlighted the disproportionate caring expectation faced by some LGBTI+ siblings.

Gay men and lesbians report that they are often the child in the family that is relied upon to take on the caring role due to a stereotypical perspective that they have greater capacity and fewer family commitments. (sub. 22, p. 3)



LGBTI+ people can often find themselves as the sole (unpaid), constrained-choice and ongoing carer for a parent where the history is one of rejection of their status (sub. 22, p. 3).

Older LGBTI+ people can prefer to receive informal care, or have a significant need for informal care, from friends or family because of anticipated and actual experiences of discrimination within formal care settings. LGBTIQ+ Health Australia, for example, said:

Older LGBTI people are likely to have experienced a history of exclusion, stigma, trauma and criminalisation or pathologisation of their sexuality, gender identity and/or sex characteristics during their lifetime. ... Many LGBTI community members also experience intersecting discrimination in relation to other factors such as being Aboriginal and/or Torres Strait Islander, disability, age, ethnicity, gender, HIV status, disability, drug use, as well as the stigma of living with poor mental health. (sub. 22, p. 2)

LGBTIQ+ Health Australia noted that with many LGBTI+ people facing a higher risk of prejudice and discrimination within workplaces, requests for extended unpaid leave could result in employees feeling pressured to work part time or resign (sub. 22, p. 4). As discussed earlier, an entitlement to extended unpaid carer leave could help employees have conversations with their employers about changing working arrangements to facilitate caring without being concerned about being pressured to resign.

### **People living in rural and remote areas**

Controlling for socio-economic and demographic characteristics, more carers in outer regional and remote parts of Australia report having difficulties accessing services (53%) compared to carers in major cities (34.6%) (Schirmer, Mylek and Miranti 2022, p. ix). If carers in rural and remote areas lack services, their choices on where and how to care can be constrained. The Older Persons Advocacy Network noted that:

At a practical level, many older people, especially those living in rural and remote areas, cannot access aged care services at home for periods of 18 months or more following assessment of eligibility. In this situation there is no 'choice' for carers seeking to support an older person to avoid residential care entry, but to leave the workforce. Similarly, rural and remote areas have very limited palliative care services. Being able to take leave to provide care in this situation will improve the end-of-life experience for both older people and their carers, reducing the impact of grief and bereavement on former carers' ability to return to work. (sub. 45, p. 3)

Extending a right of return to previous employment to this cohort may not increase their choices, but it could improve their outcomes.

Thin aged care and health markets can also have particular impacts on cohorts of the population. For example, Aboriginal and Torres Strait Islander people may be disproportionately affected by issues with thin aged care markets, due in part to geographic distribution and the disproportionately high level of care undertaken by Aboriginal and Torres Strait Islander people who are carers (when compared with the non-Indigenous population) (Edwards et al. 2009, p. xi). Where services are lacking people either go without, or access services far from their traditional support networks. For older Aboriginal and Torres Strait Islander people, moving off Country to access aged care can be particularly challenging for themselves and their communities.

Service provision in remote areas in the NT is typically limited to minimal facilities and older people have no choice or alternatives. Older Aboriginal people with additional health needs are often forced to relocate from their communities and, in some cases, need to be hospitalised.

Once hospitalised, it is very difficult for older Aboriginal people to return home to their family and community due to the lack of services available in the community. Being forced to relocate

results in increased distress and depression, it can be accompanied by culture shock, and contribute to intergenerational trauma including reducing cultural life in the remote communities themselves. (Darwin Community Legal Service 2022, p. 15)

For Aboriginal and Torres Strait Islander communities informal carers can play an important role keeping Elders on Country. The National Aboriginal Community Controlled Health Organisation argued that an increase in unpaid carers would allow more older people to remain living in their homes and communities. And for people living in rural and remote areas, this would mean they do not have to move away from family and Country to access formal aged care services and this in turn would help preserve traditional knowledge and language, build inter-generational relationships, strengthen social cohesion and community resilience and help in tackling community issues (including health, education, racism and oppression) (NACCHO, sub. 5, p. 5).

In areas that feature thin markets or low use of formal aged care supports, increasing access to unpaid carer leave could help to cover shortfalls in formal care, and help carers balance work and care responsibilities. But as argued by some participants, provisions to encourage more informal care should not be seen as the solution to shortfalls in formal care. And unpaid carer leave is just one tool, and it will not be suitable for many carers (because of the loss of income). Where markets for aged care are thin for particular cohorts there are other ways to address this issue (box F.2).

Appendix G outlines a range of ways to support carers.

### **Box F.2 – Potential ways to address thin markets**

The National Disability Insurance Scheme (NDIS) is another category of services that struggles with thin markets. As part of the NDIS Thin Market Project, Ernst and Young (2019, pp. 5–6) identified a number of potential remedies (with the magnitude of government intervention in ascending order).

- Market facilitation fosters competitive markets by providing information about service options or providers, as well as using electronic platforms to match supply and demand. Facilitating partnerships between suppliers – such as place-based collaborations, alternative business models, co-operatives, or shared infrastructure – can also help providers overcome service delivery issues.
- Market deepening initiatives work to increase the supply of services to meet customer demands. This is achieved by bundling demand for different services to improve efficiency in cases where supplying one service alone is not cost effective. Pooling individualised funding is another strategy to ensure economies of scale for providers. Additionally, stimulating or providing direct supply inputs, such as encouraging skilled workers to enter underserved markets can help to increase supply.
- Regulatory measures can exert varying degrees of control over market operations such as setting or regulating prices, controlling market access, or overseeing market operation to ensure that it meets service objectives.
- Alternative commissioning models (including community-led responses) cover various approaches, such as direct commissioning or government provision of services. These models may involve regulated monopolies (a single service provider) or oligopolies (a few service providers), among other options. Commissioning community-led responses, regardless of whether government financing is involved, is also a potential strategy.



## G. Other supports for informal carers

### Key points

- ✱ Governments provide a wide range of supports to address the different needs of carers. Yet many carers still report having unmet needs for support. Carers are also more likely than people who are not caring to report financial stress and low wellbeing.
- ✱ Many carers who cannot work rely on income support payments. The Economic Inclusion Advisory Committee, set up to conduct annual reviews of income support payments, should not only consider the adequacy of the Carer Payment and Carer Allowance, but also the eligibility requirements, and their accessibility, in future reviews.
- ✱ Formal aged care services, including in-home support services and residential care, help informal carers when they are timely, accessible, appropriate, high quality and responsive. The aged care sector is undergoing substantial reforms in response to the Royal Commission into Aged Care Quality and Safety – including a new in-home support program, and increased safeguards for aged care service quality. These reforms are an opportunity to improve carers' access to quality support.
- ✱ Regular respite care is important to give informal carers a break, and to help them manage their own wellbeing, but carers face a number of barriers to respite care, including poor availability and a lack of respite that meets their needs and preferences and those of the person they care for. The new in-home support program has the potential to improve the accessibility and mix of respite on offer to carers by combining existing aged care programs and their respective respite services.

Governments provide a wide range of supports to address the different needs of carers. Yet many carers still report having unmet needs for support. They are also more likely than other Australians to report financial stress and low wellbeing, which suggests that support for carers could be improved.

The Productivity Commission was asked to 'consider alternative ways to support informal carers to support older Australians' – that is, alternatives to an entitlement to extended unpaid carer leave.

This appendix looks at ways to support all informal carers of older people, regardless of whether they participate in the paid labour force. It does not go in-depth into all the different types of needs and existing supports for carers. Rather, it focuses on the most significant gaps between existing supports and what carers say they need. The first section (G.1) outlines what carers say they need. The subsequent sections address gaps in existing supports for carers: section G.2 examines how to improve carers' access to supports for their wellbeing, and section G.3 considers ways to improve the accessibility of income support

for carers. Section G.4 looks at ways to improve the availability of formal aged care services to help support informal carers. Improving access to respite care is considered in G.5.

## G.1 Informal carers have diverse experiences and needs

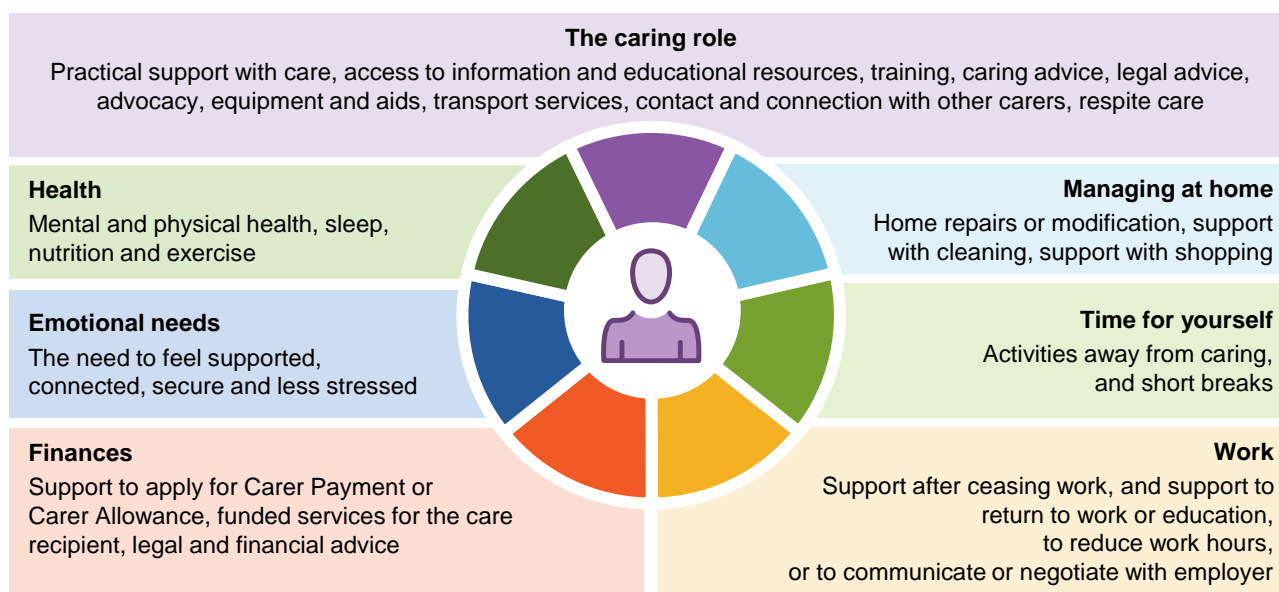
The experiences of informal carers are highly diverse. This diversity includes differences in the duration, intensity and patterns of caregiving, and the nature of the relationship between the carer and care recipient.

- In 2018, one third of primary informal carers of older people provided less than 10 hours of care each week. Over 20% of primary informal carers of older people provided 60 or more hours of care each week (ABS 2019a).
- In the same year, carers who were employed in paid work tended to provide less than 20 hours of care each week, and carers providing 60 or more hours of weekly care were typically not in paid employment.
- Some people care for more than one person. About one third of informal carers aged 19 to 65 were 'sandwich carers', people who cared for an older person and a dependent child (Productivity Commission estimates based on HILDA Release 20).
- A small (1%) proportion of carers of older people between 2005 and 2020 commenced caring in their childhood, twenties or thirties. In that period, these younger carers experienced the highest incidence of long-term health conditions and lowest quality of life (Productivity Commission estimates based on HILDA Release 20).

These diverse caregiving experiences mean that carers have a range of needs that vary depending on the situation of the carer and the person they care for, and these can change over time. For example, a carer looking after an older person with dementia could need different types and levels of support while providing care that are different to the needs of a carer looking after an older person with a physical disability.

The Australian Government Department of Social Services classifies carer needs according to the areas of life in which carers most typically need support (figure G.1).

**Figure G.1 – Carers have a range of support needs**



Source: based on DSS (2019, p. 19).

The Australian Government has committed to meeting the needs of carers in the *Carer Recognition Act 2010* (Cth) Statement for Australia's Carers (box G.1).

### **Box G.1 – Statement for Australia's Carers**

1. All carers should have the same rights, choices and opportunities as other Australians, regardless of age, race, sex, disability, sexuality, religious or political beliefs, Aboriginal or Torres Strait Islander heritage, cultural or linguistic differences, socioeconomic status or locality.
2. Children and young people who are carers should have the same rights as all children and young people and should be supported to reach their full potential.
3. The valuable social and economic contribution that carers make to society should be recognised and supported.
4. Carers should be supported to enjoy optimum health and social wellbeing and to participate in family, social and community life.
5. Carers should be acknowledged as individuals with their own needs within and beyond the caring role.
6. The relationship between carers and the persons for whom they care should be recognised and respected.
7. Carers should be considered as partners with other care providers in the provision of care, acknowledging the unique knowledge and experience of carers.
8. Carers should be treated with dignity and respect.
9. Carers should be supported to achieve greater economic wellbeing and sustainability and, where appropriate, should have opportunities to participate in employment and education.
10. Support for carers should be timely, responsive, appropriate and accessible.

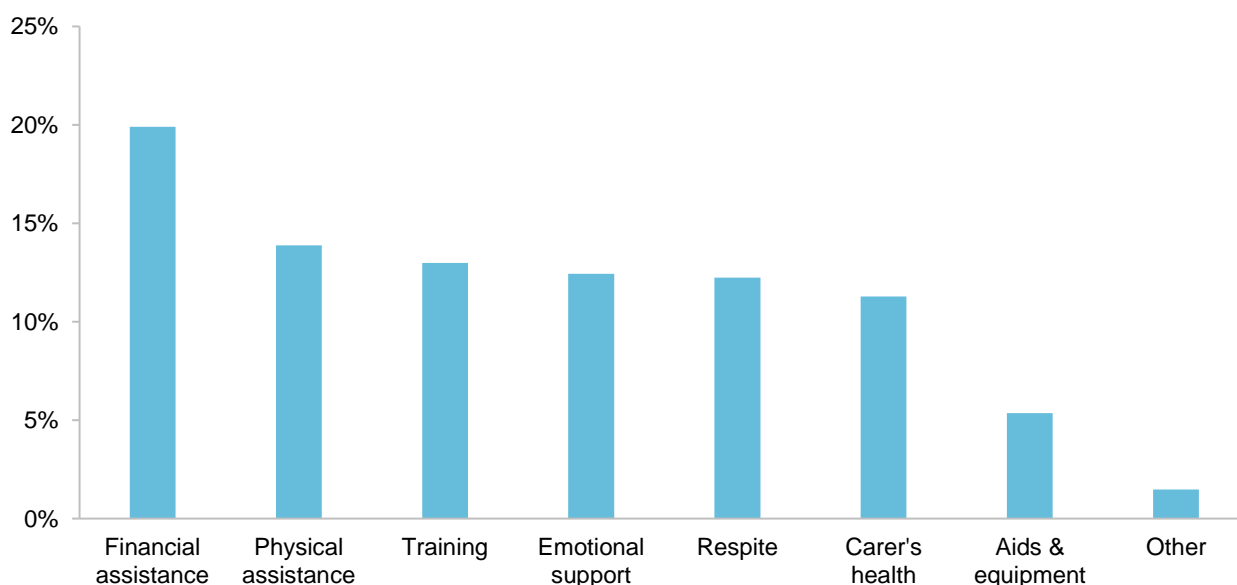
Source: *Carer Recognition Act 2010* (Cth).

The Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers (SDAC) asks primary carers about their situation and needs. In 2018, about 62% of informal primary carers of older Australians (aged 65 and above) reported they did not feel satisfied due to their caring role (ABS 2019a). However, despite this, the majority did not identify unmet needs for support: 54% reported not needing better or additional support (ABS 2019a).

For the carers reporting unmet needs, the most common were the need for more:

- financial assistance (20%)
- physical assistance (14%)
- training (13%)
- emotional support (12%)
- respite care (12%) (figure G.2).

**Figure G.2 – Common unmet needs of carers of older people<sup>a,b</sup>**



**a.** This dataset does not ask carers about their need for flexible work or unpaid leave. **b.** 'Training' includes training on caring for people with disability, manual handling and using equipment.

Source: Productivity Commission estimates using ABS (*Tablebuilder, Survey of Disability, Ageing and Carers, 2018, Cat. no. 4430.0*).

The COVID-19 pandemic has also placed some additional burdens on carers (box G.2).

### **Box G.2 – How the COVID-19 pandemic affected informal carers**

The COVID-19 pandemic created additional challenges for informal carers. The 2022 Carer Wellbeing Survey found that, among respondents, the most common effects were:

- limited social interactions due to care recipient being at high risk from COVID-19 (51%)
- increased intensity or amount of caregiving (50%)
- additional difficulties getting appointments for care recipient (41%) (Schirmer, Mylek and Miranti 2022, p. 11).

Participants in this inquiry also pointed to challenges for informal carers due to the pandemic. One was that the pandemic increased support needs – the ABS Household Impacts of COVID-19 survey found that in May 2021, about 24% of people aged over 18 had spent time caring for an adult (reducing to 19% in March 2022) (ABS 2021, 2022a). Some of the challenges were because of restrictions on travel and movement, which made caregiving and visiting care recipients in aged care facilities during lockdowns more difficult (APS, sub. 27, p. 2; Carers Tasmania, sub. 37, p. 13).

Others said it became more difficult to access formal aged care services, such as home support and respite, during the pandemic partly due to a shortage of support workers (Carers Tasmania, sub. 37, p. 13). Increased demands on informal carers were also due to a reluctance by some carers and care recipients to use residential care because of COVID-19 outbreaks (Department of Health and Aged Care, sub. 24, p. 7).

**Box G.2 – How the COVID-19 pandemic affected informal carers**

Some working carers reported using more leave for their own illnesses, leaving less paid leave to provide care (Carers Tasmania, sub. 37, p. 18; QACAG, sub. 21, pp. 11–12). Others experienced negative effects on their wellbeing, including poorer mental health and feelings of isolation (Carers Tasmania, sub. 37, p. 15).

Other participants noted some positive effects of the pandemic. For example, the increased prevalence and acceptability of flexible working arrangements, including working from home, has helped some working carers to balance work and care (Carers Australia, sub. 36, p. 3; Carers NSW, sub. 20, p. 12; OPAN, sub. 45, p. 4).

The Australian Government implemented several measures that assisted informal carers, among others, during the pandemic. These included:

- expanding the JobSeeker Payment including to permanent employees who had lost their job, people caring for someone affected by COVID-19, and waiving assets tests and waiting periods. Recipients also received the Coronavirus Supplement worth \$550 per fortnight (Klapdor and Giuliano 2020, p. 5)
- the Pandemic Leave Disaster Payment: a lump sum payment for workers who had to cease work due to self-isolation, quarantine or to care for someone who had to self-isolate or quarantine due to COVID-19
- the COVID-19 Disaster Payment: a lump sum payment for people who had lost work or income due to a COVID-19 lockdown (Klapdor and Lotric 2022, pp. 1–10).

**G.2 Supporting carers' wellbeing**

Informal carers often need support for their health and wellbeing. When combined, carers' needs for emotional support, an improvement in their own health, and education and training are the largest source of unmet need among carers of older people (ABS 2019a). Carers are at greater risk of experiencing poor health, psychological distress and low wellbeing than the average Australian adult, especially when they do not receive support from friends, family or formal support services (Schirmer, Mylek and Miranti 2022, pp. viii, 8–9).

We are running errands in our lunch breaks, supporting our caree before or after work and taking time off work to manage appointments. We also spend many hours co-ordinating services, appointments and organising the household of our caree. Often at the detriment of our own needs and health. (Merri Health, sub. 18, p. 3)

I worked 10 times harder as a carer for my mother than I did in any of my professional paid jobs. I was exhausted, burnt out and my health was deteriorating. Now I needed the caring! (Merri Health, sub. 18, p. 3)

There is a large body of evidence showing an association between informal caregiving and poor physical and mental health of carers (as outlined in section 2 of the main report). The 2018 SDAC also found that informal carers of older people had a greater incidence of unmet needs for emotional support if they were in paid employment, compared to informal carers (of older people) who were not employed or not in the labour force (ABS 2019a).

The Statement for Australia's Carers states that carers' health and social wellbeing should be supported (box G.1) and that support for carers should be 'timely, responsive, appropriate and accessible'. There is a range of services, both government and non-government, that help support the health and wellbeing of

carers in Australia. The Australian Government delivers a range of free services to informal carers through the Carer Gateway program, including:

- peer support groups, which connect informal carers with one another, either in person or online
- counselling, so carers can speak with a counsellor in person or over the phone
- self-guided coaching, which allows carers to talk with a professional coach
- online training to support carer wellbeing, including dealing with stress, effective communication and self-care
- tailored support packages, that can provide a personalised mix of support services, depending on the needs of the carer
- emergency respite, for when the carer is unexpectedly unable to provide care (Carer Gateway 2022).

Some state and territory governments, and local governments, also offer wellbeing support services for informal carers. For example, the Victorian Government funds the Support for Carers Program, which provides informal carers in Victoria with access to educational programs, health and wellbeing activities, counselling, support groups and information (as well as practical support with care, including domestic assistance, equipment and transport, and respite) (Carers Victoria 2020; Victorian Government 2022).

There are also many non-government service providers in each state and territory that offer support for carers. As well as assistance with care, these providers can offer services such as support over the phone, counselling and food relief (healthdirect 2022). For example, Carers WA offers social groups, a Prepare to Care Hospital Program to help carers commence caring for someone who has been discharged from hospital, carer retreats and the Carer Wellness at Home Program, which provides in-home emotional support, information about services, help with completing forms and referral to other support services (Carers WA 2022b).

Some programs help informal carers looking to re-enter the paid workforce, or carers already in paid employment, to develop their skills and careers. The Department of Social Services funds a program ('Your Caring Way'), which provides training, coaching and mentoring to informal carers to prepare them for paid employment, work experience or volunteering. It is being run as a pilot program in Queensland, South Australia and Tasmania (Your Caring Way 2023). Some state and territory carer associations also offer programs that help carers with employment readiness or career development. Carers WA offers a training program ('Be Job Ready') that helps carers identify and develop job-related skills and seek employment (Carers WA 2022b). Carers WA also delivers the Carers Connect program, which provides individual coaching on career guidance and goal setting with a career counsellor (Carers WA 2022a).

The evidence on the effectiveness of different supports for carers' health and wellbeing is mixed. While there is some evidence that some supports, such as psychological support, are linked to improved mental health among informal carers, the evidence is less compelling for other interventions such as cognitive behavioural therapy, support groups and education and training programs (box G.3).

### **Box G.3 – How effective are different supports for informal carers?**

#### **Psychological interventions**

A variety of psychological interventions aim to improve carers' mental health and reduce caring burden and related stress. There is some evidence that psychological supports – such as counselling, emotional support, behaviour management, meditation, mindfulness and acceptance-based interventions – are linked to reduced depression, caregiving burden and psychological distress among informal carers (Candy et al. 2011; Cheng and Zhang 2020; Collins and Kishita 2018; Dharmawardene et al. 2016; Díaz-Rodríguez et al. 2021; Huo et al. 2021). The evidence is not as strong for some other types of psychological interventions, such as cognitive behavioural therapy and support groups (Cheng and Zhang 2020; O'Toole et al. 2017).

#### **Education and training programs for carers**

Education and training programs can target the development of a range of skills and knowledge for informal carers, including those aimed at improving the health and wellbeing of the carer and care recipient, educating the carer about the care recipient's condition (such as dementia) and those relating to manual handling. There is mixed evidence on the extent to which these programs help with carer burden, quality of life, mental health and transitions to long-term residential care for the care recipient (Jensen et al. 2014; Yesufu-Udechuku et al. 2015). A study in the United States found that education and training for carers lead to increased carer confidence over time (Avison et al. 2018, p. xi). Other studies have found little evidence that information or training programs had significant effects on carer burden, mental health or quality of life (González-Fraile et al. 2021; Treanor et al. 2020).

#### **Other supports**

Emerging evidence on some less-studied supports for carers suggests that helping carers manage the demands of care can be beneficial to the carer's wellbeing. For example, early intervention strategies to help a carer feel prepared to provide informal care may offset some of the negative effects of providing care on the mental health of carers (Hebdon et al. 2022). There is also moderate evidence that case management – which refers to a process of assessing, planning, facilitating and advocating for a carer and care recipient to have their needs met – can improve the carer's mental health (Berthelsen and Kristensson 2015, pp. 988–989, 1000; CMSA 2023).

The Australian Government is starting to collect data to assess the effectiveness of the Carer Gateway. From 2022-23, the Department of Social Services will begin reporting on how the wellbeing of informal carers who are registered with Carer Gateway service providers has improved. The aim is to verify whether the supports for carers through the Carer Gateway are effective, and help guide further improvements (DSS 2022f, p. 96).

## **Carers need accessible mental health support**

Some carers told the Commission that it was difficult to access mental health supports for themselves, including psychologist and counselling sessions. The association between informal caregiving and poor mental health among informal carers is well documented. The 2018 SDAC found that one quarter of informal carers of older people reported frequently feeling worried or depressed due to the caring role (ABS 2019a). And in the 2022 Carer Wellbeing Survey, about 48% of responding carers reported experiencing moderate to high levels of psychological distress, compared with 25% of all Australian adults (Schirmer, Mylek and Miranti 2022, p. ii).



There is some evidence that psychological supports are associated with improved mental health among informal carers (box G.3). A number of participants also argued that psychological supports are important for carers (Dementia Australia, sub. 12, p. 5; Merri Health, sub. 18, pp. 12–13; NACCHO, sub. 5, p. 6; Australian Longitudinal Study on Women's Health, sub. 31, p. 7).

Tailored mental health support like counselling is also valuable and can provide most meaningful support via a whole-of-family approach. (Merri Health, sub. 18, p. 12)

But many carers do not use these services. For example, the 2022 Carer Wellbeing Survey found that just 29% of responding carers had accessed psychological support for themselves in the previous twelve months (Schirmer, Mylek and Miranti 2022, p. 43). Some participants in this inquiry said that there were barriers to accessing the psychological support services that they needed, including cost, lack of availability, long wait times and lack of culturally appropriate services.

Targeted mental health interventions as well as greater access to (and acceptance of) community support services would also help to reduce the burden on live-in carers. (Australian Longitudinal Study on Women's Health, sub. 31, p. 7)

There is also a need for more culturally appropriate carer resources for Aboriginal and Torres Strait Islander carers, including access to counselling services and support groups. (NACCHO, sub. 5, p. 6)

What would have been more helpful was if there were a family counsellor or similar, to help other informal supporters and my dad to know what they needed to do to keep things going without me burning out ... (Merri Health, sub. 18, p. 13)

Similarly, a 2021 survey conducted by Lived Experience Australia Ltd found that the most common barriers to consumers and carers accessing psychologist support for care recipients were cost, lack of availability and waiting times (Lived Experience Australia Ltd 2021, p. 4).

This suggests that carers face similar barriers to others when accessing mental health supports. The Commission's 2020 *Mental Health* inquiry similarly found common barriers to accessing mental health supports across the Australian population, including lack of availability of appropriate and quality services, wait times and costs (PC 2020, pp. 7–8). Ways to improve carers' access to mental health services will likely be improved by broader reforms to mental health care. The Department of Social Services also announced in 2022 that it would conduct an impact evaluation of government programs that support carers (DSS 2022i). This evaluation, which is ongoing, should consider the adequacy of existing services such as Carer Gateway (and Carer Gateway service providers) for providing quality, affordable and timely mental health supports for carers.

## **Carers need proactive support for their wellbeing**

Some carers highlighted the importance of supports for their wellbeing being offered proactively, rather than when they reach a point of significant burden or distress (MS Australia, sub. 8, p. 3; NACCHO, sub. 5, p. 6). Similarly, the Royal Commission found that the current aged care system 'tends to provide reactive, inadequate and piecemeal support to informal carers' and that it often 'does not provide even these supports until the strain on a caring relationship has already reached crisis point' (2021d, p. 203).

Part of the challenge is making carers aware of the supports that are available to them. In 2018, nearly one quarter of informal carers of older people did not know what services were available to them (ABS 2019a). In response to this issue, the Royal Commission recommended that, as part of a new aged care system, there should be a single comprehensive assessment process, and it should include an assessment of any informal



carer's needs (2021b, p. 228). It also recommended that care finders and aged care assessors should be able to refer carers to locally available supports, the Carer Gateway, and to formal respite care (2021b, pp. 237–238).

The Australian Government has released a program overview and discussion paper outlining its progress developing a new in-home aged care support program. Although the design is still under development, the government should consider ways to proactively offer support to informal carers through the aged care assessment of the care recipient, and ways to reduce unnecessary burden on the carer from this process.

The Royal Commission recommended that the aged care assessment for the care recipient should include an assessment of the carer's needs (2021b, p. 228). However, there is a risk that carers will not feel comfortable sharing the extent of their support needs during an aged care assessment, when the care recipient is in the room. One option could be for the aged care assessor to arrange for the Carer Gateway to contact the carer to access support. The assessor could also send relevant information (with the carer's consent) to the Carer Gateway. This may help carers who do not self-identify as a carer, and those who are not aware of existing support services.

However, improving carers' access to the Carer Gateway only addresses part of the issue. The other part is ensuring that the Carer Gateway itself is equipped to provide more proactive supports to carers. Currently, the Carer Gateway helps to fill a gap between formal aged care services and the needs of informal carers by delivering services mostly through providers in each state and territory. This means that carers' access to some supports through the Carer Gateway is limited by what (and how much) is available from a local provider.

As part of consultations on the design of the new in-home support program, the government should consider carers' views on the most appropriate way to streamline carers' access to support. The government should also consider ways to ensure that the Carer Gateway and its providers are equipped to provide proactive, ongoing and cost-effective support to carers, including those referred to Carer Gateway through the aged care assessment process.

## **Better access to respite can help carers access other supports**

The range of existing support services for carers' health and wellbeing appears to be reasonably adequate. But services can be difficult for carers to access, in part because of the significant demands that caring places on an informal carer's time and energy. This is exacerbated by difficulties accessing respite care (ANMF, sub. 39, p. 11).

I don't have the time to join a support group. I basically cannot leave the house except for a three-hour period on Mondays when the housekeeper comes. (Female, aged 62, Caring for a parent and caring for a spouse, Outer Regional). (Hussain, Wark and Ryan 2018)

Increasing the accessibility of respite care (discussed in section G.5), should help carers improve their health and wellbeing, by allowing them more time to access personal support and take a break from caregiving. This is especially important for carers who do not have the option of receiving help from a friend or family member to provide informal respite – in the 2018 SDAC, only 55% of informal carers of older people had a fall-back informal carer (ABS 2019a).

There are also opportunities through the current aged care reforms to improve carers' access to carer-specific supports. The new in-home support program, as discussed in section G.4 and G.5, will include a respite supports category. Section G.5 discusses ways to ensure the new program increases the accessibility of quality, appropriate respite care.

### **G.3 Making income support accessible to carers**

One of the most common reported unmet needs among carers is financial support – both the level of support and its accessibility. Carers are more likely than non-carers to experience financial stress events – the 2022 Carer Wellbeing Survey reported that 54% of participating carers had experienced one or more significant financial stress events in the previous year, compared to 32% of all Australian adults. And 56% of carers regularly feared not having enough money to care for the care recipient (Schirmer, Mylek and Miranti 2022, pp. v, 24, 38). In the 2018 SDAC, 21% of informal carers of older people said they had difficulty meeting everyday living costs (ABS 2019a).

The higher incidence of financial hardship among informal carers can be attributed to several factors.

- Many carers (especially of older people) do not work. Many carers of older people are above retirement age and many carers who do not work rely on government support payments, such as the Age Pension or Carer Payment.
- Carers tend to earn lower income than non-carers (ABS 2019b), and may reduce their work hours (for example, go from full-time to part-time, or take up a casual role) to allow better flexibility to provide care. In 2018, nearly 20% of carers of older people said the main financial effect of caring was that their income had decreased (ABS 2019a).
- Carers may have to absorb some of the costs of providing care, such as buying groceries and medications for the care recipient – in 2018, the SDAC found that 10% of carers of older people regularly paid a large part of the care recipient's living costs and 25% said the main financial effect of caring was extra expenses (ABS 2019a).

In the context of an entitlement to extended unpaid leave, Anglicare Australia said a legislated return to work would be helpful, 'but having enough money to live on while carrying out caring responsibilities is far more important' (sub. 6, p. 1).

Some carers are also more likely to experience financial struggles – rates of financial stress are higher for Aboriginal and/or Torres Strait Islander people who are carers, carers of people with high needs, carers with multiple care responsibilities, and carers of people with terminal illness and/or mental illness (Carers Australia 2021, p. viii).

While income support payments are likely to have a significant benefit for some carers, the incidence of financial stress and low income among carers suggests that these payments might not be as effective or accessible as they could be.

#### **What income support is available to carers?**

The Australian Government funds three types of income support payment specific to informal carers:

- Carer Payment: a fortnightly pension for carers who leave or reduce work to care
- Carer Allowance: a fortnightly income supplement to offset some of the costs of caring
- Carer Supplement: an annual payment to recipients of Carer Payment and/or Carer Allowance to support carers with the costs of caring.

Some carers receive other government payments that are not specific to carers, such as the Age Pension.

In 2018, the most common income support payment received by carers of older people was the Age Pension (30%), followed by the Carer Allowance (28%) and Carer Payment (16%) (ABS 2019a). These payments are summarised in table G.1.

While the Carer Payment and Age Pension are paid at the same maximum rate, more informal carers of older people are receiving the Age Pension. This likely reflects several factors:

- both payments have the same income and assets limits, but the Carer Payment also imposes income and assets tests and other eligibility requirements on the care recipient
- the Carer Payment will normally stop after the care recipient dies, whereas the carer would normally continue to receive the Age Pension in this situation
- carers can take a break from providing care without it affecting their Age Pension, whereas carers receiving the Carer Payment can only take a break for up to 63 days each year (plus an additional 63 days off if the care recipient is temporarily in hospital)
- the Age Pension does not impose any limits on the amount of work, volunteering, studying or other activities undertaken by a carer, whereas there is a 25 hour per week limit on non-caring activities for carers receiving the Carer Payment (Services Australia 2022a).

**Table G.1 – Summary of the income supports most used by carers**  
**As at January 2023**

|                        | Maximum rate   | Eligibility summary  |
|------------------------|--|--|
| <b>Age Pension</b>     | Per fortnight <sup>a</sup> : <ul style="list-style-type: none"> <li>• \$936.80 (single)</li> <li>• \$1412.40 (couple)</li> </ul> | <ul style="list-style-type: none"> <li>• At or above Age Pension age</li> <li>• Australian resident for at least 10 years</li> <li>• Annual income up to \$58,318 (single) or \$89,211.20 (couple). The pension is reduced by 50 cents for every dollar earned per fortnight above \$190 (single) and \$336 (couple) (or \$4940 and \$8736 per year, respectively)</li> <li>• Asset limits of \$280,000 (single homeowner), \$504,500 (single non-homeowner), \$419,000 (homeowner couple) and \$643,500 (non-homeowner couple) (excludes family home)</li> </ul>  |
| <b>Carer Payment</b>   | Per fortnight <sup>a</sup> : <ul style="list-style-type: none"> <li>• \$936.80 (single)</li> <li>• \$1412.40 (couple)</li> </ul> | <ul style="list-style-type: none"> <li>• Carer and care recipient are Australian residents</li> <li>• Providing constant care in the home of someone with severe disability, severe illness, or frail aged, or to children</li> <li>• Up to 25 hours per week not providing care (e.g. work or study)</li> <li>• Care recipient scores high enough on the Adult Disability Assessment Tool<sup>b</sup>, has illness/disability to last at least six months, or terminal illness, and needs constant care</li> <li>• Carer income and asset limits as per Age Pension</li> <li>• If the care recipient does not receive a pension, their income must be less than \$120,605 per year and assets less than \$744,000 (excludes family home)</li> </ul> |
| <b>Carer Allowance</b> | Per fortnight: <ul style="list-style-type: none"> <li>• \$144.80</li> </ul>  | <ul style="list-style-type: none"> <li>• Carer and care recipient are Australian residents</li> <li>• Providing additional daily care and attention to someone because they have a disability, severe illness or are frail aged</li> <li>• Carer and partner's combined income under \$250,000 per year</li> <li>• Care recipient scores high enough on the Adult Disability Assessment Tool, has illness/disability to last at least 12 months or terminal illness, receives care in their home, the carer's home or in hospital</li> </ul>   |

|                         | Maximum rate   | Eligibility summary   |
|-------------------------|--|---|
| <b>Carer Supplement</b> | Per year: <ul style="list-style-type: none"> <li>\$600 per eligible income support payment/each person the carer receives Carer Allowance for</li> </ul> | <ul style="list-style-type: none"> <li>Recipient of Carer Payment and/or Carer Allowance</li> </ul> |

**a.** Recipients of the Age Pension may also receive a fortnightly pension supplement (at January 2023, \$75.60 for a single and \$114 for a couple), and an energy supplement (\$14.10 for a single and \$21.20 for a couple). **b.** The Adult Disability Assessment Tool (ADAT) measures the level of care that an adult needs to support basic life activities.

Sources: DSS (2023a); Services Australia (2021a, 2021b, 2021d, 2021c, 2022g, 2022n, 2022d, 2022c, 2022l, 2022k, 2022h, 2022m, 2022j, 2023a, 2023c, 2023b).

## Income support can be difficult for carers to access

While income support already helps some carers manage the financial strain of caring, there are several possible reasons for persisting rates of financial hardship among carers relating to income support:

- the level of income support is too low
- the eligibility criteria for payments such as the Carer Payment are overly restrictive
- the process of applying for and navigating Centrelink is difficult and/or time-consuming.

## Is the level of income support for carers adequate?

Some inquiry participants argued that the current level of income support provided by the Carer Payment and Carer Allowance is too low to meet the cost of caring (Dementia Australia, sub. 12, p. 14; NACCHO, sub. 5, p. 7).

Carer allowance is less restricted [than Carer Payment] ... However the payment is very low — \$136.50 per fortnight, about one seventh of Carer Payment and is not designed for income replacement ... (Women Work and Policy Research Group, sub. 28, p. 7)

The Carer Payment is adjusted at the same rate as other pensions in Australia (such as the Age Pension and Disability Pension). Pensions are adjusted in March and September each year by the greater of the increase in the Consumer Price Index or the Pensioner and Beneficiary Living Cost Index over six months (Klapdor 2022). Pensions are also adjusted to prevent payment rates from falling behind community living standards using a percentage of Male Total Average Weekly Earnings (MTAWE) as a benchmark. Currently, this benchmark sits at about 42% of the MTAWE for the maximum rate of pension for a couple, and about 28% of the MTAWE for the maximum single pension (DSS 2022d). In June 2022, the Melbourne Institute's quarterly publication of estimated poverty lines in Australia determined the poverty line (including housing costs) per week as follows:

- \$617 for a single person who is working
- \$825 for a couple who are working
- \$500 for a single person who is not working
- \$708 for a couple who are not working (Melbourne Institute 2022, p. 1).

Based on these, the corresponding levels of Carer Payment in the June quarter, of 2022 of \$450 (single) and \$679 (couple) per week, are below the estimated poverty lines for singles and couples who are not working (which may be the case for carers receiving the Carer Payment) (DSS 2022e). However, many recipients of the Carer Payment also receive the Carer Allowance and/or rent assistance, which may bring their income to the poverty line or above it.

In 2018, about 45,000 carers of older people received both Carer Payment and Carer Allowance, which represents about 65% of carers of older people who receive the Carer Payment, or about 10% of all informal carers of older people. And at June 2022, about 80,000 households received both Carer Payment and Commonwealth Rent Assistance (ABS 2019a; DSS 2022g). Informal carers who receive the Carer Payment are also eligible for a Pensioner Concession Card, which includes access to discounted medications and doctor appointments.

The Carer Allowance is designed to offset some of the costs of providing care, rather than as an income replacement. There is little evidence about the additional costs of care that carers face, which makes it difficult to judge whether current rates of Carer Allowance are appropriate.

Government income support payments will be reviewed as a result of reforms that are already under way. In November 2022, the government announced it would establish an Economic Inclusion Advisory Committee to conduct an annual review of the ‘adequacy, effectiveness and sustainability’ of government income support payments, which is to be published at least a fortnight before each federal budget (Chalmers and Rishworth 2022). The first review was released in April 2023, and while it did not include detailed consideration of the Carer Payment, it noted the level of this payment may be reviewed in a future report (Interim Economic Inclusion Advisory Committee 2023, p. 36). Future reviews of income support that will be conducted by the Economic Inclusion Advisory Committee will provide an opportunity to assess the level of Carer Payment and Carer Allowance, and should focus on the appropriateness of the level of these payments for informal carers.

## Eligibility requirements

Some participants raised concerns about the eligibility requirements for income support being overly restrictive, penalising working carers, and preventing them from getting the financial assistance they need. Carers Australia, for example, said:

People are not always aware of the complex eligibility criteria for income support payments until after they have made the decision to cease employment. (sub. 36, p. 28)

One concern is about the income and asset tests to receive Carer Payment. In 2022, the income test reduced the amount of Carer Payment by 50 cents for every dollar where the fortnightly income exceeded \$190 for a single person and \$336 for a couple. Several participants considered these limits overly restrictive for carers needing financial support, especially those with a partner.

The carer and their partner must meet an income and assets test, which means that if one member of a couple took unpaid leave, they would only be able to draw on Carer Payment if their partner was on a low income and if they had low household assets. Currently a couple may only earn \$336.00 per fortnight before the taper rate begins to reduce the value of the fortnightly payment. (Women Work and Policy Research Group, sub. 28, p. 7)

... partnered carers have less access to the Carer Payment as it is means tested against a spouse or partner's income. (Carers Australia, sub. 36, p. 28)

Another concern was that the Carer Payment provides a disincentive for carers to remain attached to the paid workforce. To receive the Carer Payment, a carer cannot be away from care (such as for paid work, volunteering or study) for more than 25 hours per week, including travel time. Other than these 25 hours, carers are required to be providing ‘constant care’, which is expected to be ‘at least the equivalent of a normal working day’, including active care, supervision and monitoring (DSS 2023b). Some participants argued that these requirements discourage carers from continuing to participate in paid employment while providing care (Dementia Australia, sub. 12, p. 15; Merri Health, sub. 18, p. 11; NACCHO, sub. 5, p. 7).

The disincentive to participate in paid employment is borne out in the data – in December 2022, only 9% of Carer Payment recipients had earnings from employment (DSS 2022h).

The Commission's *Mental Health* inquiry recommended that, in the context of mental health carers, the 25-hour-per-week restriction should be replaced with a 100-hour-per-month restriction on work only (meaning carers could study or volunteer without restriction) (PC 2020, p. 922).

If the eligibility criteria do provide a disincentive for paid work or study, it would be contrary to the aims of the Statement for Australia's Carers that carers 'where appropriate, should have opportunities to participate in employment and education' (box G.1). However, the need for more flexibility in Carer Payment eligibility needs to be balanced against ensuring the integrity of the payment to genuine carers. In the 2018 SDAC, about 10% of Carer Payment recipients said they were 'not a carer', while a further 17% said they were 'not a primary carer'. And about 9% provided less than 20 hours of care per week. It is possible that some of these carers reporting lower weekly hours of care did not count less-intensive care activities, such as monitoring or social interaction, when asked in the survey. While some carers have asked for changes to the activity requirements for the Carer Payment, it appears that the Department of Social Services could be taking a broader interpretation of the activity tests. The regular reviews of income support conducted by the Economic Inclusion Advisory Committee are an opportunity to also consider eligibility requirements for the Carer Payment.

## Access requirements

Many participants in this inquiry argued that the Carer Payment and Carer Allowance are difficult to access. Dementia Australia, for example, surveyed 360 former or current carers, and 65% reported significant challenges accessing income supports, including 'administrative workload, bureaucratic obstacles, and strict eligibility criteria' (sub. 12, pp. 6, 14).

When carers apply for the Carer Payment or Carer Allowance, they typically have to navigate MyGov and Centrelink, provide documentation for themselves and the care recipient, complete application forms and provide reports from a health professional and from the carer (Services Australia 2022f). Some participants said that the documentation needed for the Carer Payment and Carer Allowance are difficult and time-consuming for carers to provide (Dementia Australia, sub. 12, pp. 14–15).

... carers are time poor and suffer high levels of psychological distress so struggle to navigate the complex and timely process of applying for payments. (NACCHO, sub. 5, p. 7)

The burden of accessing income support can be especially large for some groups of carers, such as Aboriginal and/or Torres Strait Islander people who are carers (NACCHO, sub. 5, pp. 7–8) and carers from other culturally and/or linguistically diverse groups, who may need additional help (appendix F).

Some documentation and evidence requirements are necessary to ensure government payments go to eligible people in need. However, many groups – not just carers – report difficulties navigating Centrelink and accessing income support, which suggests it is a wider issue. For example, a 2022 Senate inquiry found that the process of making a claim for the Disability Support Pension was 'overly complex, difficult to navigate, and results in inequitable outcomes' (Australian Senate 2022, p. 65).

Part of the complexity of accessing income support payments comes from having multiple payments targeted at carers. To access income support, carers must understand the eligibility requirements and level of support from the Carer Payment, Carer Allowance and Carer Supplement, as well as any other relevant payments such as the Age Pension. Some payments, such as the Carer Payment and Carer Allowance, also require carers to complete separate applications to receive both payments. This contributes to confusion and carer burden when applying for payments and navigating Centrelink. The Commission's 2020 *Mental Health Inquiry* made a similar observation:



The existence of a Carer Payment, Carer Allowance and Carer Supplement that all achieve similar objectives, but have some arbitrary differences in eligibility, contributes to an income support system that is complex and not well understood by carers. (PC 2020, p. 921)

As well as reviewing the rate and eligibility of carer income support payments, the Economic Inclusion Advisory Committee should also consider the ways in which the complexity of having multiple payments may be contributing to carers' economic disadvantage.

## **G.4 Improving the availability of quality formal care**

Informal carers often need help from formal services to provide care and to manage at home. For example, a carer may need help transporting the person they care for to appointments, or help with tasks such as cleaning and meals preparation. And in some instances, the carer will need to find permanent residential care for the care recipient.

Some inquiry participants noted the importance of formal care, including respite services, to help carers reconcile paid work and caring. For example, Carers NSW said:

Access to timely, adequate and appropriate formal care services, including services and supports that provide replacement care while a carer is participating in employment, is a key component of supporting carers to maintain employment and continue caring. (sub. 20, p. 23)

Carers Australia said:

... the support measures needed most by both employed carers and carers not in the workforce is affordable, substitute care of sufficient quality and quantity to enable carers to choose how they spend their time away from caring. (sub. 36, p. 30)

The Australian Nursing and Midwifery Federation also argued that investing in formal services should be prioritised over measures to increase informal care.

The sustainability and success of informal care arrangements, whether that be through the use of extended unpaid carers leave or otherwise, is limited without the provision of accessible, timely and appropriate formal supports for both care recipients and carers. At this present time, those supports are not readily available. The ANMF is of a view that investment in formal supports is essential and should be prioritised over steps to increase reliance upon informal care arrangements. (sub. 39, p. 12)

In 2018, about half of carers of older people received help from support services, including formal home support services (ABS 2019a). About 14% of carers of older people said they needed more physical assistance (ABS 2019a). Working carers more frequently reported having unmet needs for physical assistance compared to carers who were not in the paid workforce.

Formal aged care services, including home support, respite (section G.5) and residential care, are important to give carers enough time to manage other commitments. They can reduce the burden of caregiving on informal carers and increase the sustainability of informal care. Poor access to formal aged care services can also contribute to lower participation of women in paid employment, and broader gender inequities in work and health (Addati et al. 2022, pp. 243–244). The Royal Commission into Aged Care Quality and Safety, however, concluded that the aged care system was failing to properly support informal carers, and was providing 'reactive, inadequate and piecemeal support' (RCACQS 2021d, p. 203).

## What formal care services are available to carers?

### Home support services

The Australian Government subsidises four main types of home support service programs that assist older people and their carers. They are:

- Short-Term Restorative Care
- the Commonwealth Home Support Programme (CHSP)
- Home Care Packages (HCPs)
- the National Aboriginal and Torres Strait Islander Flexible Aged Care Program.

These programs are intended to provide varying levels of support to the care recipient, but they indirectly support informal carers by assisting with some of the tasks that an informal carer would otherwise provide (box G.4).

#### **Box G.4 – Subsidised home support services**

Short-Term Restorative Care provides support services for up to eight weeks to help reverse or slow down difficulties that the care recipient may have performing daily tasks. It is intended to help delay the need for long-term care and support services, by providing services such as aids and equipment, cooking, home maintenance, nursing, allied health therapies, psychologist or counsellor support, transport and accommodation in residential care (myagedcare 2022b). In 2021-22, about 7,400 people received Short-Term Restorative Care, for which the government contributed about \$75 million (DHAC 2022a, p. 64).

The Commonwealth Home Support Programme (CHSP) has a similar objective to Short-Term Restorative Care, which is to help older people live safely at home for longer. Recipients can typically access one or two entry level services through government and/or government-subsidised service providers, who offer services such as meals, nursing, allied health therapies, cleaning, home modifications and maintenance, transport, social outings and respite. In 2021-22, about \$2.9 billion was spent on the CHSP, and it was accessed by about 820,000 older people (DHAC 2022a, p. 32).

Home Care Packages (HCPs) are aimed at helping older people live at home when they require coordinated services to do so. HCPs offer a similar range of services to the CHSP, but are intended for people with more complex needs, to provide access to multiple services. HCPs are offered at four levels: basic, low, intermediate and high, and are delivered through service provider organisations. In 2021-22, about 262,000 older people used HCPs at a cost of about \$4.4 billion (with an average age of about 81 years across all users) (DHAC 2022a, pp. 34, 37; SCRGSP 2023).

The National Aboriginal and Torres Strait Islander Flexible Aged Care Program provides culturally appropriate aged care services at home (and in aged care facilities), for older Aboriginal and Torres Strait Islander people. The services are delivered through local aged care service providers, and are offered according to the needs of the community. The home support services offered can be similar to other home support programs, including care services (such as bathing, communication and meals), support services (such as cleaning, laundry, medication management, emotional support and social activities) and clinical services. In 2021-22, the program provided about 1,300 aged care places, at a cost of about \$118 million (DHAC 2022a, p. 67).



## Residential care

Sometimes carers provide care for an older person to ‘fill the gap’ while they wait for residential care. In 2021-22, about 246,000 people received permanent residential care, at a cost to government of \$14.6 billion (DHAC 2022a, pp. 50–52).

## The aged care system is undergoing substantial reform

In response to the Royal Commission, the Australian Government is developing several substantial reforms. Many of the implemented reforms have focused on improving the quality and safety of formal aged care services. This includes:

- a new Code of Conduct for Aged Care to increase safeguards for people receiving aged care services
- a star ratings system for residential care facilities
- reporting on the aged care sector, including mandatory food and nutrition reporting for residential care providers (DHAC 2022c).

Other major reforms are still under development. This includes the development of a new Aged Care Act, which will replace the existing *Aged Care Act 1997* and the *Aged Care Quality and Safety Commission Act 2018*. It will define the rights of older people who are accessing aged care services, create a single point of entry and single assessment process for older people entering the aged care system, support the delivery of various aged care services and increase accountability and quality (DHAC 2023a). The government announced funding of \$81.9 million over three years from 2023-24 to develop and implement the new Act in the 2023-24 Budget. This funding is proposed to ‘undertake discovery and design of associated ICT system changes’ (Chalmers and Gallagher 2023, p. 134).

Another major reform under development is the new in-home support program. This program will replace the existing in-home support programs, including Short-Term Restorative Care, the CHSP and HCPs. The proposed design includes consideration of:

- a single assessment process, which will be the same for other supports including residential care, that also assesses the needs of any informal carers
- flexibility for changes to services as the care recipient’s needs change
- flexibility for recipients to manage their own budget and select services
- support through care partners to provide clinical monitoring and support (DHAC 2022b, pp. 16, 27, 2022e, p. 4).

The new in-home support program has been postponed and is now scheduled to commence from July 2025 (Chalmers and Gallagher 2023, p. 133). The Budget also announced \$73.1 million in 2023-24 to help implement the new in-home support program (Chalmers and Gallagher 2023, p. 133). Delaying the new in-home support program will prolong some of the burden informal carers face under the existing in-home support system.

Various aspects of this new program are discussed in subsequent sections of the appendix where they relate to support for informal carers. This includes wait times and the quality and responsiveness of in-home support services (below) as well as access to respite care (section G.5).

## Wait times to access formal care

A common concern is that lengthy delays to access formal care services, such as HCPs and residential care services, create additional burdens for carers. In 2022, according to the My Aged Care site, the waiting times for a HCP were approximately three to six months, for a person with medium priority (for any of the four levels of package) (myagedcare 2022a). And at the end of December 2022, there were about 38,000 people

waiting to receive a HCP at the level they were approved for. Of these, about 79% were receiving interim services under the CHSP, and about 19% were receiving an interim HCP at a lower level than they were approved for (DHAC 2023b, p. 9). The Royal Commission into Aged Care Quality and Safety also raised concerns about the prolonged wait time for HCPs.

Too many older people are not getting the Home Care Package they need at the time and level they need it. Many people cannot access a package even when they are approved for one because the supply of packages is capped by the Australian Government. (2021c, p. 62)

Participants in this inquiry also raised concerns about the lack of access to HCPs (Merri Health, sub. 8, p. 11). The Aged Care Action Group, Aged Care Reform Now and Carers' Circle, for example, said that:

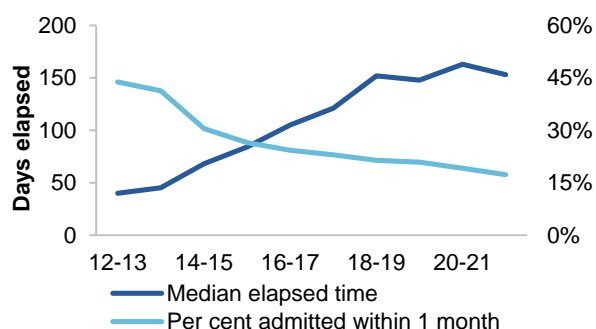
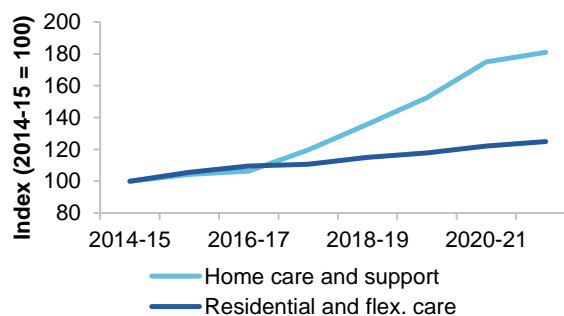
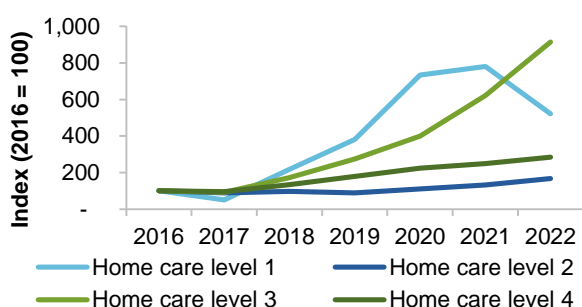
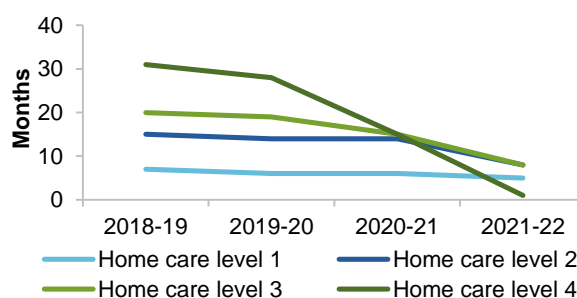
... waiting lists for higher level care packages means people are struggling at home even before support is provided. (sub. 21, p. 9)

Timely access to formal in-home and permanent residential care is important for the health and wellbeing of both carers and care recipients. Unnecessary delays in accessing formal care could lead to undue burden on informal carers, and worsening health outcomes of care recipients who require supports that cannot be provided by their informal carer. The Royal Commission said that the waits are 'simply too long for older people' (2021c, p. 62) and that there is a 'clear danger of declining function, inappropriate hospitalisation, carer burnout, premature admission to a residential facility or even death' (2021b, p. 101).

The Australian Nursing and Midwifery Association made a similar point:

Without access to formal home care services that meet their assessed needs, to complement or replace informal care where appropriate, people face risks of declining function, preventable hospitalisation, premature entry to residential aged care, and even death in some circumstances. In addition to the decline in health indicators of those requiring care, was a notable burnout amongst informal caregivers ... (sub. 39, p. 11)

While the median waiting times for residential care have been increasing (figure G.3a), the additional \$6.5 billion investment announced in the 2021-22 Budget substantially increased the number of HCPs available at Level 3 (DoH 2021a, p. 30; figure G.3b, G.3c). The additional investment led to a reduction in the median waiting times for home care levels 3 and 4 (figure G.3d) and slowed the growth in the elapsed waiting times for residential care (figure G.3a). In the 2023-24 Budget, alongside the delay to the new in-home support program, the government announced about \$167 million for 9,500 new HCP places (Chalmers and Gallagher 2023, p. 133). This additional funding would only cut the waitlist by about one quarter (9,500 additional places compared with a waitlist of about 38,000 people) and is unlikely to provide much relief to people waiting for a HCP.

**Figure G.3 – Recent trends in aged care service times, expenditure, admissions and places****(a) Elapsed times and admissions for residential aged care<sup>a,b</sup>****(b) Index of real Government expenditure<sup>c</sup>****(c) Number of Home Care Package places****(d) Median elapsed times for HCPs<sup>a</sup>**

**a.** Elapsed time refers to the time between Aged Care Assessment Team (ACAT) approval and the assignment of a Home Care Package to a client, rather than from the actual receipt or delivery of services. **b.** Data only includes records where ACAT approval is before admission date. **c.** Caution should be exercised with interpreting the government expenditure on Home Care Packages from 2021-22 because of the new payment method in which only care, services and goods delivered are counted, not payments to aged care providers.

Source: SCRGSP (2023) (tables 14A.4, 14A.9, 14A.22 and 14A.23).

The 'elapsed times' measure for permanent residential care, however, is not a complete measure of waiting times. This is because it:

- covers the period from the date of assessment to the date the older person receives funding for the service (not the date the older person is deemed to need a service to when they receive funding for the service)
- can be used to access both HCP and permanent residential care. Applicants who receive a HCP but later wish to 'step up' care using the same assessment can complicate the determination of the level of unmet demand.

Individual residential care services also collect waiting list data. However, the Commission heard that in some instances, carers will place the names of people needing care on more than one aged care home's waiting list, complicating the calculation of waiting lists.<sup>1</sup>

The Royal Commission, recognising the lack of clarity on the measurement of unmet demand and waiting times, recommended the government report annually to parliament on the:

- unmet demand for aged care, including unmet demand for certain services or in particular places

<sup>1</sup> Pers. comm. Steering Committee for the Report on Government Service Provision, 5 April 2023.

- duration of waiting periods for assessment, and between the assessment and commencement of some services, including respite and residential care (2021b, pp. 213–215).

If the caps on the funding of HCPs are removed and replaced with demand-based funding under the ongoing aged care reforms, additional funding will likely be needed. Future investments by the government into in-home support services will require it to understand the effect this funding is having on the demand and waiting times for residential care and whether it is successfully diverting older people into in-home care. Additional measures that would assist in monitoring this, and that would address the Royal Commission's recommendations, include the:

- number of people who are on the Aged Care Assessment Team (ACAT) approved waiting list for HCP and residential care services
- average waiting time of people currently on the ACAT approved waiting list
- average time taken for people to access aged care services from the time they obtain an ACAT approval until they receive the service.

## Access to quality aged care

A lack of quality aged care can result in sustained burden on informal carers. For example, it can require the informal carer to continue to provide support to help 'fill the gap' when all the needs of an older person are not being met in a residential care facility or by in-home support services. It can also deter informal carers and care recipients from accessing respite care when they need a break (section G.5).

In the 2022 Carer Wellbeing Survey, about 70% of respondents said they had difficulty finding high quality services for the care recipient (Schirmer, Mylek and Miranti 2022, p. ix). Some inquiry participants also suggested that the poor state of residential care meant informal carers were required to continue caring.

... carers often continue to provide a range of supports to their family members or friends living in residential care and often the tasks are the same as the informal supports provided in home. In part, this reflects the poor state of residential care ... (Carers Tasmania, sub. 37, p. 11)

... it is shameful that [informal carers] cannot and do not feel confident to reduce their caring responsibilities because of a failure to provide adequate numbers of staff, including registered nurses in residential aged care facilities. (QACAG, sub. 21, p. 17)

A survey conducted by Dementia Australia also found that even once a person with dementia had entered permanent residential care, informal carers continued to provide a range of support and assistance, including supporting aged care workers due to staff shortages (sub. 12, p. 10). Other participants also said that shortages of aged care staff made it harder to access quality, appropriate formal services (Carers Tasmania, sub. 37, pp. 12, 14; QACAG, sub. 21, pp. 9, 16-17) – and in the 2022 Carer Wellbeing Survey, 63% of participants said staff turnover was a barrier to seeking formal aged care services (Schirmer, Mylek and Miranti 2022, p. ix).

In response to issues with staff shortages in aged care, the Government announced in the 2023-24 Budget that it will allocate \$515 million over five years from 2022-23 to increase award wages for aged care workers by 15% from 30 June 2023 (Chalmers and Gallagher 2023, p. 131). The government also announced various measures to improve the quality and safety of aged care services. This included \$310 million over five years from 2022-23 to implement recommendations from the Royal Commission and other aged care reforms, including:

- \$140 million over four years from 2023-24 to continue to develop the new aged care Star Rating system
- \$72.3 million in 2023-24 for a new Aged Care Regulatory Framework to support the new Aged Care Act

- \$60 million over five years from 2022-23 to help establish a national worker screening and registration scheme
- \$25.3 million in 2023-24 for the Aged Care Quality and Safety Commission to deliver an auditing and compliance program
- \$13 million over two years from 2023-24 to improve food and nutrition standards among aged care providers (Chalmers and Gallagher 2023, p. 125).

Quality aged care services should also be able to be tailored to the cultures, languages and identities of carers and care recipients. Some participants argued that mainstream aged care services often do not cater well for carers and care recipients from diverse groups. The Royal Commission expressed similar sentiments:

The existing aged care system is not well equipped to provide care that is non-discriminatory, culturally safe and appropriate for people's identity and experience. (2021c, p. 75)

People from culturally and linguistically diverse communities, and Aboriginal and Torres Strait Islander people, need access to culturally safe and appropriate aged care services. One issue is that it can be difficult to find supports for carers and care recipients with a first language other than English. In 2018, about 20% of primary informal carers of older people usually spoke to the care recipient in a language other than English (ABS 2019a). This can compound difficulties accessing support such as in-home support services, respite and counselling – for example, carers who usually speak a language other than English at home are less likely to report having good access to information from medical professionals (Schirmer, Mylek and Miranti 2022, p. 55).

The need for advocacy increases with people from CALD [culturally and linguistically diverse] backgrounds because often the carer also acts as an interpreter. While many services in public hospital settings have translation services available, not all health and aged care service providers have this ... (QACAG, sub. 21, p. 9)

Similarly, carers and care recipients can face difficulties accessing formal aged care services that are culturally safe and appropriate. For example, a care recipient may need a residential care facility that recognises the significance of the individual's religious, cultural and spiritual practices.

Formal aged care services, including home support and respite care, may also not recognise the diverse relationships and needs of carers and care recipients (appendix F). In its submission, LGBTIQ+ Health Australia said that many LGBTI+ people who are carers or care recipients risk discrimination and not receiving the same level of interest and concern as others when seeking support services (sub. 22, pp. 2–3).

In some First Nations cultures, caregiving is viewed as a part of broader kinship obligations, rather than as a separately defined role (Watarrka Foundation 2023). Mainstream support services do not always recognise the significance of such shared caregiving obligations and duties in different cultures and groups.

The Royal Commission made several recommendations to improve the availability of culturally-appropriate formal care services, especially for Aboriginal and Torres Strait Islander people. This included:

- a new Aboriginal and Torres Strait Islander aged care pathway that ensures that First Nations people receive culturally respectful and safe care regardless of where they live, and provides interpreters on the same basis as for other communities when seeking aged care services
- compulsory training on cultural safety and trauma-informed delivery of services for all workers of aged care providers and care finders who are in direct contact with care recipients
- a category under the new aged care program for residential care that, among other things, provides social supports, that include cultural support.

These reforms will help with some of the additional barriers that carers and care recipients from diverse groups face when accessing aged care services and supports. The 2023-24 Budget also announced \$77 million over four years from 2023-24 to improve outcomes for Aboriginal and Torres Strait Islander people in aged care including increased funding for providers in very remote areas, new accountability measures and mandatory cultural awareness training for aged care staff. It also announced the appointment of an interim First Nations Aged Care Commissioner (Chalmers and Gallagher 2023, p. 135).

The lack of quality services for carers and older people living outside of metropolitan areas was also raised as a concern.

When providing care, informal carers in rural and remote locations encounter considerable distances to travel and limited access to services. (RANZCP, sub. 25, p. 3)

There are many challenges faced by older carers, and other informal carers, to access the support they need. These include lack of providers or diversity of providers, especially in rural areas. (Lived Experience Australia Ltd, sub. 1, p. 5)

The Royal Commission similarly found that people in regional, rural and remote areas often experience multiple disadvantages, and have poorer access to primary health care as well as aged care services (2021c, pp. 70–73). It recommended that a system governor identify areas where the availability of aged care services is poor and plan for and supplement services to meet the needs of people in non-metropolitan areas.

It can also be difficult for carers and care recipients to find information about the quality of residential care facilities (RCACQS 2021c, p. 61). The Royal Commission found that there was a need for a stronger mechanism to ensure the quality and safety of aged care services, including residential care. It recommended a variety of measures to improve the quality of aged care services, including:

- a new Aged Care Act that includes objectives to provide high quality, safe and timely support and care and includes a complaint mechanism for people receiving care
- an Australian Aged Care Commission that includes a Complaints Commissioner and a Quality Commissioner
- an independent Aged Care Safety and Quality Authority to enforce compliance of the aged care system with the safety and quality standards
- an independent office of the Inspector General of Aged Care to investigate, monitor and report on the administration and governance of the aged care system
- periodic review of the Aged Care Quality Standards, and development of and reporting on quality indicators
- a star rating system to allow carers and care recipients to compare aged care services and providers, with the system introduced for aged care homes in December 2022 (DHAC 2022d). The Government announced \$140 million over four years for the star rating system in the 2023-24 Budget (Chalmers and Gallagher 2023, p. 125).

The Commission also recommended the Australian Government expedite the broad reform agenda for aged care to enhance the quality of care (PC 2022, p. 112).

## Coordinating services

Informal carers often help to arrange and coordinate aged care services for the care recipient. This involves both arranging access to services (including aged care assessments for the care recipient), as well as the ongoing coordination of services once they have been accessed. However, navigating the aged care system and coordinating services can be difficult and time consuming for carers (Carers NSW, sub. 20, pp. 5–6; Merri Health, sub. 18, pp. 3, 12).



This partly reflects the complexity of the aged care system and the network of different supports available to carers and care recipients. The Royal Commission found that ‘irrespective of education levels, means, background or circumstances, it is very difficult for most people to navigate all aspects of the aged care system’ (2021c, p. 62).

Case managers can assist with the assessment, planning, coordination, facilitation and advocacy needed for carers and care recipients to receive timely, coordinated and appropriate services (CMSA 2023). Some carers would especially benefit from the help of a case manager – such as carers who are time poor, including those who care for more than one person, carers that balance caregiving with paid work, and carers who care for someone with complex or high needs. There is some emerging evidence from overseas that case management is associated with improved wellbeing of informal carers (Berthelsen and Kristensson 2015, pp. 988–989, 1000; Corvol et al. 2017).

There are already some services to help older people and carers navigate the aged care system. For example, the EnCOMPASS: Multicultural Aged Care Connector program provides case management support to older people, carers and communities who are culturally and linguistically diverse, to help them navigate the aged care system and access support services. It is funded by the Australian Government and provides help through local providers who act in partnership with the Federation of Ethnic Communities’ Councils of Australia (FECCA 2020).

Case management is also used in some other health sectors in Australia and overseas. For example, participants in the National Disability Insurance Scheme can nominate a support coordinator who helps to coordinate and implement support services for the participant (NDIA 2022).

Carers and care recipients navigating the aged care system can employ an aged care case manager through a private provider. But this means that carers need to be aware of case management services and reach out to these providers. The Royal Commission recommended that ‘care finders’ should be employed to work with care recipients, their carers and families, to navigate the aged care system and determine the types and timing of services needed, and provide case management assistance if needed. This would include being able to refer the carer to assessment for respite and other support services (2021b, pp. 228–229, 237–238).

While the government accepted the Royal Commission’s recommendation for care finders, the care finder program that was implemented in January 2023 takes on a narrower role than the Royal Commission recommended. The care finder program is instead directed only at vulnerable older people, who may not have family, friends or a carer to help them access aged care services. Carers Australia estimated that the care finder program would assist up to 38,000 people with complex needs, and an additional 60,000 Aboriginal and Torres Strait Islander people, through the Trusted Indigenous Facilitators channel (Carers Australia, sub. 36, p. 9). It therefore excludes many older people with an informal carer, unless the carer needs ‘intensive support to interact with My Aged Care, access aged care services and/or access other relevant supports in the community’ (DoH 2022a, p. 6; myagedcare 2023a).

However, the government’s new in-home support program, which is being developed to replace the existing in-home support programs and residential care, is being proposed to include separately funded ‘care partners’. Care partners will provide advice, clinical check-ins and monitor the older person’s care plan to ensure it meets their needs over time. The proposed role of care partners is not to provide extensive case management or administration, such as scheduling care services (DHAC 2022b, pp. 20–21). This may lead to increased burden on informal carers, given that the new program will allow participants to access services from multiple aged care service providers. In developing the new in-home support program, as well as broader aged care reforms, the government should consider whether more extensive case management should be offered as part of the program, to help carers and older people manage the coordination of



services across multiple providers. It should also consider how the respective roles of care finders and care partners are defined, given that they may have overlapping purposes.

If the role of care finders reflected that envisaged by the Royal Commission – to assist all carers and care recipients who need help accessing and coordinating services and to provide case management – then care finders (and potentially care partners) would also be well placed to provide information to carers in paid work about their right to request flexible working arrangements, and other available supports such as income support payments for carers. The costs and benefits of implementing care finders as envisaged by the Royal Commission needs further consideration as the reforms to the aged care system progress.

## **Making support responsive to the needs of older people and their carers**

Timely access to appropriate in-home aged care services can preserve the health and wellbeing of care recipients and their carers. Because an older person's care needs increase as they become more frail, delays in meeting their changing needs can negatively affect their health and wellbeing. As the Royal Commission said:

While they wait, older people are at risk of a deterioration in their health and wellbeing. The longer that people wait on the list, the greater the risk of mortality. (2021c, p. 192)

The concerns about the ill-effects of delays to aged care services also apply to carers, with delays in accessing services contributing to burnout and declining health (RCACQS 2021c, p. 63).

Two factors contribute to the timely and appropriate provision of in-home aged care services.

- That the care recipient's needs are accurately assessed and reassessed over time to reflect the changing needs of the care recipient, and those needs are reflected in the recipient's support plan.
- That the care recipient can source affordable quality services that are prescribed in their support plan.

Some participants were concerned with the slow speed with which home care packages were adjusted.

Aged care package adjustments aren't agile enough to keep up with the fluctuating care needs of elderly people. If their health slips in such a way that they aren't able to re-negotiate their supports, they will suffer, whatever those supports may be. (Merri Health, sub. 18, p. 11)

The process for increasing to higher level care packages is lengthy, meaning there is little scope for additional support as and when care needs might increase, temporarily or permanently. (QACAG, sub. 21, p. 17)

The Department of Health and Aged Care observed that there were also delays in accessing services in some regions of Australia even when funding was available.

... in some Aged Care Planning Regions, CHSP providers are at full capacity before the end of a payment period and manage wait lists, whereas other providers will return unused funds. For example, in 2020-21 people in several areas in regional NSW had to wait around 15 weeks for home modification services. (DHAC 2022b, p. 10)

There also appears to be poor alignment between the assessed support needs and funding supports of care recipients. In a review of 2,500 in-home aged care clients, the Department of Health and Aged Care found that clients received noticeably different levels of support despite having very similar support needs. This contributed to some clients not spending their allocated funds (thereby contributing to the \$2.4 billion in unspent HCP funds as at 13 September 2022), while others were still waiting for a package (DHAC 2022b, p. 11).

To address these concerns, the Royal Commission recommended a:

- single process for comprehensively assessing and re-assessing the needs of the client (and the needs of the informal carer), and in which reasonable requests for reassessment can be made by the care recipient, their informal carer, representative or care provider
- funding model of in-home aged care that is uncapped and demand-driven, and in which block and activity-based payment amounts are based on the efficient cost of service delivery and paid to service providers (2021b, pp. 289–290, 2021d, pp. 145–150).

To implement these recommendations, the Department of Health and Aged Care is considering a range of reforms that include:

- developing a new assessment tool and classification system to better calibrate the aged care assessments, support needs, and funding amounts (\$15.7 million was committed to this reform in the 2023-24 Budget) (Chalmers and Gallagher 2023, p. 133)
- requiring care managers to develop and deliver on care support plans that are updated monthly, and in which the budgets allocated to the care recipient are adjusted on a quarterly basis
- implementing a mixed block funding and fee-for-service payment scheme where the Commonwealth pays for services provided to the care recipient. Prices would be set to reflect the full cost recovery, with loadings applied for clients in rural and remote areas, and for Aboriginal and Torres Strait Islander people and others from culturally and linguistically diverse backgrounds
- giving care recipients the opportunity to source services from more than one aged care provider where these are available (DHAC 2022b, pp. 19–27).

These reforms have the potential to improve the accessibility and responsiveness of the aged care system to the needs of older people. This may reduce the number of aged care assessments needed to access services, increasing the availability of in-home support services and improving the appropriateness of these services for the care recipient. All these outcomes can reduce some of the burden on informal carers, especially where informal carers ‘fill the gap’ when formal aged care services are not meeting the needs of the care recipient.

## **G.5 Improving access to respite care**

Caregiving can place significant demands on the time and energy of informal carers. The effects of caregiving on informal carers, such as stress and low wellbeing, are well documented (Bom et al. 2019, p. 629; Schirmer, Mylek and Miranti 2022, pp. 8–9). While some carers are able to seek help from family and friends to provide care, the 2018 SDAC found that only 55% of informal carers of older people had a fall-back carer to help them (ABS 2019a). This means that access to respite care, that gives carers a break from caregiving, can be important to help carers manage their wellbeing.

Respite care enhances the sustainability of informal care arrangements. Carers gain the opportunity to manage their own wellbeing and engage in workforce participation, whilst care recipients are given greater opportunities for rehabilitation, reablement or medication review under the supervision of skilled health professionals. (ANMF, sub. 39, p. 11)

The Australian Government provides respite care through several programs.

- Emergency respite through the Carer Gateway
- In-home, flexible, centre or cottage-based respite through the CHSP
- Respite through HCPs, typically in a residential care facility

- Respite in a residential care facility for up to 63 days of subsidised respite care each year (myagedcare 2023c; RCACQS 2020, pp. 1–5).

About 2.5 million days of residential respite care were used in Australia in 2021-22, provided to approximately 113,000 recipients, with an average of 1.2 episodes of respite per recipient and an average stay of 30.4 days per occasion. The cost of residential respite to taxpayers was \$510 million in 2021-22, and in the same year, the government provided additional grants of about \$337 million to subsidise the delivery of respite to about 42,000 clients through the CHSP for flexible, centre or home-based respite (DHAC 2022a, pp. 42–47).

The costs to the carer of respite vary. Under the CHSP, recipients may have to contribute to the cost of respite. In 2022-23, this contribution was \$2-4 per hour for centre-based respite, \$2-6 per hour for cottage respite, and \$4-8 per hour for flexible respite (DoH 2022b, p. 3). Under the HCP program, all recipients pay a basic daily fee to receive services, depending on the level of the package, ranging from about \$11 for a Level 1 HCP to about \$12 for a Level 4 HCP, and these fees are added to the participant's HCP funding budget. Recipients may also pay an additional income-tested daily care fee of up to about \$35 per day at May 2023, depending on their income (myagedcare 2023b). The basic daily fee to receive residential respite outside of an aged care package is set at 85% of the single basic age pension rate (about \$59 per day at May 2023). Some providers also charge booking fees, which are limited to whichever is lower of either the cost of a full week of care or 25% of the fee for the entire stay (myagedcare 2023d). The Carer Gateway site does not specify the costs to carers to access respite through the program, though it notes that it offers some free services (Carer Gateway 2022).

Studies looking at the effects of respite on informal carers suggest that regular respite can improve carer wellbeing, though there is a lack of high-quality evidence (WHO 2017, p. 25).

- Respite is associated with reduced burden, reduced stress and improved sleep quality for informal carers (Avison et al. 2018, p. xix; Sakurai and Kohno 2020, p. 2428; Vandepitte et al. 2019, p. 1534; Vandepitte, Putman and Verhaeghe 2016, p. 1).
- The 2022 Carer Wellbeing Survey found that among carers of people with high support needs, wellbeing was significantly higher among carers who had used respite care compared to those who had not (Schirmer, Mylek and Miranti 2022, p. 47).
- Qualitative studies of informal carers confirm that respite can give carers a chance to take a break from the pressures and responsibilities of caregiving (Carey et al. 2016, p. 1; Greenwood, Habibi and Mackenzie 2012, p. 1; O'Connell et al. 2012, p. 111; Wu et al. 2022, p. 1).

Care recipients can also benefit from respite, especially when specialist care is provided (such as for people with dementia) and when it increases the sustainability of informal care (Avison et al. 2018, p. xxi; Carey et al. 2016, p. 1).

Things that help most: Cleaning, respite, meals, counselling, brokerage for critical things.

These help pull me through periods of depression and despair. (Merri Health, sub. 18, p. 12)

Many carers in Australia who use respite report that they are satisfied with the service. A survey conducted as part of the Royal Commission in 2020 found that nearly 70% of surveyed informal carers who had used residential respite said it helped relieve the carer 'a great deal'. And 61% of surveyed carers who had used respite under the CHSP thought it had provided 'a great deal' of relief to the carer (NARI 2020, p. 55). The higher satisfaction for residential respite likely reflects that carers were surveyed in the study only when the care recipient was unable to complete the survey themselves – meaning that for care recipients with higher care needs, residential respite may provide more relief to informal carers. The 2018 SDAC also found that,

among informal carers (of older people) who had used respite in the previous three months, 84% were satisfied with the quality of the respite care (ABS 2019a).

But few informal carers use respite care – according to the 2022 Carer Wellbeing Survey, about 28% of respondents had accessed respite in the past year (Schirmer, Mylek and Miranti 2022, p. 42). And in the 2018 SDAC, only 13% of primary informal carers of older people had ever used respite care (ABS 2019a).

The low take-up of respite is not unique to Australia – the Organisation for Economic Cooperation and Development (OECD) found that ‘among OECD countries, respite care remains insufficient, with low uptake due to low compensation, low availability of services and organisational challenges’ (Rocard and Llena-Nozal 2022, p. 5).

Despite the low use of respite by carers in Australia, some carers report needing more access to respite. In the 2018 SDAC, 12% of informal carers of older people said they needed more respite care. The Commission also heard from some carers that they would benefit from more access to respite.<sup>2</sup>

... carers of people whose care needs gradually increase over time may initially experience a lower level of care strain, but without access to carer support and regular planned respite care may reach a point of overwhelming care strain and exhaustion. (Carers Australia, sub. 36, p. 6)

## Barriers to accessing respite

The mismatch between carers’ desire to use respite and the low use of respite may suggest that there are barriers to accessing appropriate respite care. Based on the results of the 2022 Carer Wellbeing Survey, respite was the most common type of support that carers reported having difficulty accessing – specifically in-home overnight respite (81% of respondents), out-of-home overnight respite (74%), out-of-home day respite (66%) and in-home day respite care (62%) (Schirmer, Mylek and Miranti 2022, p. 49). Some common barriers that carers report facing when accessing respite care include lack of availability, difficulty arranging, and respite services that are not aligned to the carer and care recipient’s preferences, care needs and cultural needs. These potential barriers are addressed in turn below.

## Accessibility and flexibility of respite

Similarly to poor access to formal aged care services, a lack of available respite can have consequences for carers and care recipients. If respite cannot be accessed, this can increase the burden on the informal carer and lead to worse outcomes for the care recipient (RCACQS 2021d, p. 207).

Some carers said respite is difficult to access and arrange.

... the availability of services such as in-home respite or social support groups is limited and makes this difficult for the informal carer. (Merri Health, sub. 18, p. 5)

The most common difficulty is access to flexible respite at times that suit the informal carer who may want to attend their own appointments or to just have a break. In the current environment of support worker availability the informal carers have to work around availability of those workers. (Merri Health, sub. 18, p. 12)

<sup>2</sup> ANMF (sub. 39, p. 11); Carers Australia (sub. 36, pp. 6, 30); Dementia Australia (sub. 12, p. 16); Lived Experience Australia Ltd (sub. 1, pp. 5-6); Merri Health (sub. 18, pp. 5, 12); NACCHO (sub. 5, pp. 3, 6-7); OPAN (sub. 45, p. 7); QACAG (sub. 21, p. 7); Women Work and Policy Research Group (sub. 54, p. 7).

Any respite care needs to be flexible, responsive and accessible, not take weeks to set up and require excessive paperwork and processes to establish. (Lived Experience Australia Ltd, sub. 1, p. 6)

The Royal Commission also found that:

There are numerous barriers to respite care — services are in short supply, they need to be booked months in advance, or they are only available for periods of several weeks when people and their carers need a shorter time. (RCACQS 2021b, p. 25)

There are several reasons why respite can be difficult to access in Australia. Some of these reasons relate to the functioning of residential care – including staffing shortages (section G.4). Some residential care facilities also prefer to take permanent residents over short-stay respite residents, as the administration costs associated with new residents mean that longer-term residents are more financially viable. Some facilities also impose minimum stay durations that are longer than what the carer and care recipient would like.

Other barriers relate to the types of respite on offer in the carer's area. Respite is sometimes not available in communities outside of metropolitan areas, or is not equipped to meet the care recipient's needs (such as for dementia or palliative care, or culturally appropriate care for culturally and linguistically diverse groups) (ACFA 2018, pp. 3, 23; NACCHO, sub. 5, pp. 6–7). The 2022 Carer Wellbeing Survey found that 80% of carers who spoke a language other than English at home reported having poor access to overnight out-of-home respite care (Schirmer, Mylek and Miranti 2022, p. 51).

In some instances, a lack of locally available respite can mean that the carer must travel or relocate the care recipient away from their community to access respite. For example, a study of respite care in the Northern Territory found that a lack of locally available respite meant that some Aboriginal and Torres Strait Islander care recipients had to receive palliative respite off Country, and away from their community. This conflicted with their cultural preferences to pass away on Country and around family (McGrath et al. 2006, p. 147).

A 2018 report on respite for aged care recipients, conducted by the Australian Aged Care Financing Authority, made a number of recommendations to improve access to respite. This included:

- establishing funding arrangements for residential care facilities that are neutral between respite residents and permanent residents, and do not disincentivise respite care
- ensuring respite is available that caters to special needs groups such as people with dementia and those from culturally and linguistically diverse backgrounds
- measures to ensure that use of residential respite as a 'try before you buy' for permanent admission does not crowd out the availability of short-term respite stays (ACFA 2018, pp. 4–5).

### **Offering the right balance of respite types**

Many older people prefer to age and receive care at home (RCACQS 2021d, p. 12). Similarly, many care recipients would rather receive respite in their own home or in a centre than in a residential care facility (ACFA 2018, p. 23). In the 2018 SDAC, one of the most common reasons why carers said they had never used respite was because the care recipient was not willing to go to respite (12% of non-users). A qualitative study of Australian carers also found that, among participating carers and care recipients who had used both cottage-style respite and residential respite, 84% preferred cottage-style respite over respite in a residential care facility (Harkin et al. 2019, p. 4).

Preferences of older people and carers for respite outside of residential care facilities may also reflect concerns with the quality of respite care in residential care facilities. For example, the Aged Care Action Group, Aged Care Reform Now and Carers' Circle said:

The Royal Commission into Aged Care Quality and Safety confirmed what we already knew; residential aged care is severely understaffed and poorly regulated leading to widespread neglect of residents. This means options such as respite (which is already hard to secure) or placing a loved one in residential aged care would be a last resort option resulting in prolonged and intensive informal caring responsibilities in the home. ... More often than not, people receiving high-level care in the home would not cope with a different environment. Some of our members who have availed themselves of this option for respite note that their loved one often declines when placed into residential care — this is particularly the case with people who have dementia. (sub. 21, p. 9)

While many older people and their carers prefer to use in-home or centre-based respite, these modes of respite care are not appropriate for all situations. For some carers, such as those looking after people with challenging behaviours or those needing clinical care, their needs will often be best met through respite in a residential care facility. This means that an appropriate mix of respite in different settings is needed. The 2023-24 Budget announced that the number of residential care places will be 'temporarily reduced' in line with older people's preferences to receive aged care services at home (Chalmers and Gallagher 2023, p. 136). It is not clear how this may affect the availability of residential respite care.

## **Aged care reforms are an opportunity to improve respite access**

The Royal Commission recommended several reforms to address deficiencies with respite care (box G.5). The ongoing reforms to the aged care sector, including the new in-home support program, are an opportunity to improve carers' access to appropriate and quality respite.

Carers and care recipients should be able to access regular, planned respite in a setting that suits their needs and preferences. This means that a mix of respite services need to be offered, including in-home, centre-based, cottage and residential care respite. As reflected in the Royal Commission's findings, it also requires carers' needs to be considered as part of the care recipient's aged care assessment, to help make carers aware of what support is available, and to help reduce the burden on carers when accessing support. The Royal Commission also recommended that respite services should be provided in addition to in-home support funding, so that using respite does not reduce the funds available for other aged care services for the care recipient (2021d, p. 166).

Respite should be a widespread and standard service offered to all older people and their carers for its intended purpose. (RCACQS 2021d, p. 166)

The Government is currently developing the new in-home support program that will replace existing programs including the CHSP, HCPs, short-term restorative care, the residential aged care program and respite care (section G.4). It will provide activity-based funding for services, and supplementary grants to providers including for respite, and providers who operate in thin markets (DHAC 2022b, pp. 22, 25).

While many aspects of the new in-home support program are still under development, it appears that the main way that it may increase access to respite is by allowing care recipients with different levels of needs to access respite in different settings. This contrasts with existing arrangements, where most in-home, flexible, cottage and centre-based respite is offered to CHSP recipients, who have lower care needs than HCP recipients. For HCP recipients, respite is typically offered in residential care facilities. The new program is proposed to allow recipients to access funding for respite under a range of settings, which may allow some participants to use types of respite not previously available to them.

Having a single in-home support program may reduce some of the complexity that informal carers currently face when respite care is offered through multiple programs and channels. However, it is not clear how the long-term grant-based funding for respite care under the new program will differ from the grant-based respite



funding arrangements under the existing programs, and whether this will make respite more available – especially non-residential respite, respite that is tailored to specific care and cultural needs, and for people outside of metropolitan areas. As the aged care reforms continue to be developed, the government should consult with carers, care recipients and aged care providers to understand the demand for certain types of respite in different regions, and ways to meet this demand in a sustainable and cost-effective way. The government should also expedite the development of the new in-home support program, noting that it is now expected to be implemented from July 2025 (Chalmers and Gallagher 2023, p. 133).

### **Box G.5 – What the Royal Commission recommended on respite**

The Royal Commission into Aged Care Quality and Safety made several recommendations on respite care.

- A new Aged Care Act should be developed, that includes carer support (including respite) in its definition of aged care.
- The Department of Health and Aged Care should report annually on wait times to access aged care services, including respite.
- A new Dementia Support Pathway, that includes regular planned respite.
- A government review of the suitability of Specialist Dementia Care Units for shorter-stay respite for people with changed behaviours.
- A new aged care program that combines the existing CHSP, HCPs, residential aged care program, short-term restorative care and respite.
- A respite supports category in the new aged care program that supports greater availability of respite, including alternatives to residential care respite, with up to 63 days of respite each year, and grant funding with capital funding in areas with limited respite providers.
- Linking My Aged Care and the Carer Gateway sites to allow carers to access respite from a single system, and for carers to be referred for services as part of the care recipient's aged care assessment.
- An Aboriginal and Torres Strait Islander aged care pathway that provides grant-funded respite care.
- Under the new Aged Care Act, individuals receiving respite care should only have to contribute to the costs of these services that are associated with ordinary living costs, up to 85% of the single basic age pension rate.

Source: RCACQS (2021b, pp. 205–292).



## References

- Abbato, S. and Durham, J. 2011, *Ageing your way, my way-working together: Spiritus research in to the emerging ageing CALD communities in Brisbane*, Spiritus HACCC Multicultural Program.
- ABS (Australian Bureau of Statistics) 2019a, *Disability, Ageing and Carers, Australia, 2018*, Data accessed through TableBuilder, Australian Government, Canberra.
- 2019b, *Disability, Ageing and Carers, Australia: Summary of Findings, 2018*, Australian Government, Canberra.
- 2021, *4940.0 - Household Impacts of COVID-19 Survey, May 2021*, Canberra.
- 2022a, *4940.0 - Household Impacts of COVID-19 Survey, March 2022*, Canberra.
- 2022b, *Employee Earnings and Hours, Australia, May 2021*, <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release> (accessed 8 December 2022).
- 2022c, *Job Mobility, February 2022*, <https://www.abs.gov.au/statistics/labour/jobs/job-mobility/latest-release> (accessed 19 April 2023).
- 2022d, *National and State and Territory Population, June 2022*, 31010do002\_202206.
- 2023, *Surveys of People, Families and Households, Current Household Surveys*, Government, ABS, <https://www.abs.gov.au/participate-survey/household-survey> (accessed 23 January 2023).
- ACCI (Australian Chamber of Commerce and Industry) 2008, *ACCI Submission - Department of Education, Employment and Workplace Relations - National Employment Standards (NES) Exposure Draft/Inquiry*, April.
- ACFA (Aged Care Financing Authority) 2018, *Report on respite for aged care recipients*, Australian Government, Canberra, pp. 1–40, [https://www.health.gov.au/sites/default/files/documents/2019/11/acfa-report-on-respite-for-aged-care-recipients\\_0.pdf](https://www.health.gov.au/sites/default/files/documents/2019/11/acfa-report-on-respite-for-aged-care-recipients_0.pdf) (accessed 15 May 2023).
- ACTU (Australian Council of Trade Unions) 2000, *Working families in the new millennium, An ACTU action plan for balancing work and family life, 2000-2003*, October, [https://www.google.com/url?sa=i&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=0CAIQw7AJahcKEwiQhomLjI3\\_AhUAAAAAHQAAAAAQAg&url=https%3A%2F%2Fwww.actu.org.au%2Fmedia%2F304407%2Fworkfamilies.doc&psig=AOvVaw22PTY50Yo9NkPBS20GXDKY&ust=1684987879365149](https://www.google.com/url?sa=i&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=0CAIQw7AJahcKEwiQhomLjI3_AhUAAAAAHQAAAAAQAg&url=https%3A%2F%2Fwww.actu.org.au%2Fmedia%2F304407%2Fworkfamilies.doc&psig=AOvVaw22PTY50Yo9NkPBS20GXDKY&ust=1684987879365149) (accessed 24 May 2023).
- 2008, *Submission of the Australian Council of Trade Unions (ACTU) to the Department of Education, Employment and Workplace Relations on the National Employment Standards Exposure Draft*, Trove, <https://webarchive.nla.gov.au/awa/20080729045635/http://www.workplace.gov.au/workplace/Publications/WorkplaceRelations/TheAustralianGovernmenthasreleasedthenewNationalEmploymentStandardsNES.htm> (accessed 12 May 2023).
- Addati, L., Cattaneo, U., Esquivel, V. and Valarino, I. 2018, *Care work and care jobs for the future of decent work*, International Labour Office, Geneva.
- , —, International Labour Organization. Conditions of Work and Equality Department., and International Labour Organization. Gender, Equality, Diversity and Inclusion Branch. 2022, *Care at work: Investing in care leave and services for a more gender equal world of work*, International Labour Organisation, Geneva.
- Ai Group 2022, *Deep dive – Working from where, and why?*, <https://www.aigroup.com.au/resourcecentre/research-economics/economics-intelligence/2022/work-from-where/> (accessed 17 April 2023).
- AIFS (Australian Institute of Family Studies) 2022, *Births in Australia*, <https://aifs.gov.au/research/facts-and-figures/births-australia> (accessed 4 January 2023).
- AIHW (Australian Institute of Health and Welfare) 2022, *Spending on Aged Care - AIHW Gen*, <https://www.gen-agedcaredata.gov.au/Topics/Spending-on-aged-care> (accessed 11 October 2022).
- nd, *Exits from Residential Aged Care, 2018-19*, Confidentialised Unit Record File.
- Al-Janabi, H., Carmichael, F. and Oyeboode, J. 2018, 'Informal care: choice or constraint?', *Scandinavian Journal of Caring Sciences*, vol. 32, no. 1, pp. 157–167.
- Appelbaum, E. and Milkman, R. 2011, *Leaves that pay: Employer and worker experiences with paid family leave in California*, Center for Economic and Policy Research.
- Arksey, H., Kemp, P., Glendinning, C., Kotchetkova, I. and Tozer, R. 2005, *Carers' aspirations and decisions around work and retirement*, Research Report, 290, Department for Work and Pensions, <http://www.york.ac.uk/inst/spru/pubs/pdf/rrep290.pdf> (accessed 1 February 2022).
- Arora, K. and Wolf, D.A. 2018, 'Does paid family leave reduce nursing home use? The California experience', Wiley Online Library, *Journal of Policy Analysis and Management*, vol. 37, no. 1, pp. 38–62.
- ASBFEO (Australian Small Business and Family Enterprise Ombudsman) nd, *Key Statistics*, Government, Australian Small Business and Family Enterprise Ombudsman, <https://www.asbfeo.gov.au/key-statistics> (accessed 11 October 2022).
- Australian Human Rights Commission 2015, *National Prevalence Survey of Age Discrimination In The Workplace Report*, Australian Human Rights Commission, Sydney.
- Australian Senate 2022, *Purpose, intent and adequacy of the Disability Support Pension*, Community Affairs References Committee, Australian Government, Canberra, pp. 1–145, [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportser/024728/toc\\_pdf/Purpose,intentandadequacyoftheDisabilitySupportPension.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportser/024728/toc_pdf/Purpose,intentandadequacyoftheDisabilitySupportPension.pdf;fileType=application%2Fpdf) (accessed 10 February 2023).
- Avison, C., Brock, D., Campione, J., Hassell, S., Rabinovich, B., Ritter, R., Severynse, J., Yang, D.-H. and Zebrak, K. 2018, *Outcome Evaluation of the National Family Caregiver Support Program*, Westat, Rockville, Maryland, pp. 1–111, [https://acl.gov/sites/default/files/programs/2018-12/Caregiver\\_Outcome\\_Evaluation\\_Final\\_Report.pdf](https://acl.gov/sites/default/files/programs/2018-12/Caregiver_Outcome_Evaluation_Final_Report.pdf) (accessed 7 February 2023).

- Barr, N. 2010, 'Long-term care: a suitable case for social insurance', Wiley Online Library, *Social Policy & Administration*, vol. 44, no. 4, pp. 359–374.
- Bartel, A., Rossin-Slater, M., Ruhm, C., Slopen, M. and Waldfogel, J. 2023, 'The impact of paid family leave on employers: Evidence from New York', Taylor & Francis, *Community, Work & Family*, pp. 1–19.
- Baum, C.L. and Ruhm, C.J. 2016, 'The effects of paid family leave in California on labor market outcomes', Wiley Online Library, *Journal of Policy Analysis and Management*, vol. 35, no. 2, pp. 333–356.
- Bedard, K. and Rossin-Slater, M. 2016, *The economic and social impacts of paid family leave in California: Report for the California employment development department*, 13 October.
- Belgian Federal Government 2021, *Leave*, Government, Settling in Belgium, <https://settlinginbelgium.be/en/work-and-retirement/leave> (accessed 31 January 2023).
- Berecki-Gisolf, J., Lucke, J., Hockey, R. and Dobson, A. 2008, 'Transitions into informal caregiving and out of paid employment of women in their 50s', *Social Science & Medicine*, vol. 67, no. 1, pp. 122–127.
- van den Berg, B., Bleichrodt, H. and Eeckhoudt, L. 2005, 'The economic value of informal care: a study of informal caregivers' and patients' willingness to pay and willingness to accept for informal care', Wiley Online Library, *Health Economics*, vol. 14, no. 4, pp. 363–376.
- , Fiebig, D.G. and Hall, J. 2014, 'Well-being losses due to care-giving', *Journal of Health Economics*, vol. 35, pp. 123–131.
- Bergeot, J. and Tenand, M. 2021, *Does informal care delay nursing home entry? Evidence from Dutch linked survey and administrative data*, Working paper, July, Document de travail (Docweb) n°2105, Centre pour la Recherche Économique et ses Applications.
- Berthelsen, C. and Kristensson, J. 2015, 'The content, dissemination and effects of case management interventions for informal caregivers of older adults: A systematic review', *International Journal of Nursing Studies*, vol. 52, no. 1, pp. 988–1002.
- Bolin, K., Lindgren, B. and Lundborg, P. 2008, 'Informal and formal care among single-living elderly in Europe', Wiley Online Library, *Health Economics*, vol. 17, no. 3, pp. 393–409.
- Bom, J., Bakx, P., Schut, F. and van Doorslaer, E. 2019, 'The impact of informal caregiving for older adults on the health of various types of caregivers: A systematic review', *The Gerontologist*, vol. 59, no. 5, pp. 629–642.
- Bonsang, E. 2009, 'Does informal care from children to their elderly parents substitute for formal care in Europe?', *Journal of Health Economics*, vol. 28, no. 1, pp. 143–154.
- Borjas, G.J. 2016, *Labor Economics*, Seventh edition, McGraw-Hill Education, New York, NY.
- Bouget, D., Spasova, S. and Vanhercke, B. 2016, *Work-life balance measures for persons of working age with dependent relatives in Europe. A study of national policies*, European Social Protection Network, European Commission, Brussels.
- Bozio, A., Breda, T. and Grenet, J. 2019, *Does tax-benefit linkage matter for the incidence of social security contributions?*, I.Z.A. Institute of Labor Economics.
- Bremer, P., Cabrera, E., Leino-Kilpi, H., Lethin, C., Saks, K., Sutcliffe, C., Soto, M., Zwakhalen, S.M., Wübker, A. and Consortium, R. 2015, 'Informal dementia care: Consequences for caregivers' health and health care use in 8 European countries', Elsevier, *Health Policy*, vol. 119, no. 11, pp. 1459–1471.
- Brenøe, A.A., Canaan, S.P., Harmon, N.A. and Royer, H.N. 2020, *Is parental leave costly for firms and coworkers?*, Working paper 26622, National Bureau of Economic Research.
- Brimblecombe, N., Fernandez, J.-L., Knapp, M., Rehill, A. and Wittenberg, R. 2018, 'Review of the international evidence on support for unpaid carers', *Journal of Long-Term Care*, September, pp. 25–40.
- Candy, B., Jones, L., Drake, R., Leurent, B. and King, M. 2011, 'Interventions for supporting informal caregivers of patients in the terminal phase of a disease (Review)', *Cochrane Database of Systematic Reviews*, no. 6, pp. 1–68.
- Carer Gateway 2022, *Services and Support*, Australian Government, Services & support, <https://www.carergateway.gov.au/services-and-support> (accessed 28 November 2022).
- 2023, *Working While Caring*, Government, Carer Gateway, <https://www.carergateway.gov.au/working-while-caring> (accessed 20 January 2023).
- Carers + Employers nd, *Talking to Your Employer*, Carers + Employers, <https://carersandemployers.org.au/uploads/main/C-E-Talking-to-your-employer-and-negotiating-flexible-working-arrangements.pdf> (accessed 18 January 2023).
- Carers Australia 2012, *Submission to the Fair Work Act Review*, Submission, February, Carers Australia, Canberra.
- 2021, *Caring for Others and Yourself: The 2021 Carer Wellbeing Survey*, August, Carers Australia, Canberra.
- Carers UK 2019, *Juggling work and unpaid care*, 13 February, Carers UK, <https://www.carersuk.org/reports/juggling-work-and-unpaid-care/> (accessed 4 May 2023).
- Carers Victoria 2020, *Support for Carers Program brochure*, <https://www.carersvictoria.org.au/media/2254/1878-support-for-carers-dl-brochure.pdf> (accessed 29 November 2022).
- Carers WA 2022a, *Carers Connect Program*, Carers in Employment Program.
- 2022b, *Our Services*, <https://www.carerswa.asn.au/our-services/> (accessed 9 May 2023).
- Carey, T., Schouten, K., Wakeman, J., Humphreys, J., Miegel, F., Murphy, S. and Arundell, M. 2016, 'Improving the quality of life of palliative and chronic disease patients and carers in remote Australia with the establishment of a day respite facility', *BMC Palliative Care*, vol. 15, no. 62, pp. 1–10.
- Chalmers, J. and Gallagher, K. 2023, *Budget 2023-24: Budget Paper No. 2*, Budget Measures, Australian Government, Canberra, pp. 1–216.
- and Rishworth, A. 2022, *Expert committee to advise on tackling disadvantage and boosting economic inclusion*, Media Release, 28 November.
- Chan, A., Malhotra, C., Malhotra, R., Rush, A.J. and Østbye, T. 2013, 'Health impacts of caregiving for older adults with functional limitations: results from the Singapore survey on informal caregiving', Sage Publications Sage CA: Los Angeles, CA, *Journal of Aging and Health*, vol. 25, no. 6, pp. 998–1012.
- Charles, K.K. and Sevak, P. 2005, 'Can family caregiving substitute for nursing home care?', Elsevier, *Journal of Health Economics*, vol. 24, no. 6, pp. 1174–1190.
- Cheng, S.-T. and Zhang, F. 2020, 'A comprehensive meta-review of systematic reviews and meta-analyses on nonpharmacological interventions for informal dementia caregivers', *BMC Geriatrics*, vol. 20, no. 137, pp. 1–24.
- Citizens Information 2022, *Carer's Leave*, Citizens Information, <https://www.citizensinformation.ie/en/employment/employment>

- \_rights\_and\_conditions/leave\_and\_holidays/carers\_leave\_from\_employment.html (accessed 31 January 2023).
- CMSA (Case Management Society of Australia & New Zealand & Affiliates) 2023, *Case Management Definition(s)*, <https://www.cmsa.org.au/about-us/definitions-of-case-management> (accessed 10 January 2023).
- Coates, B., Mackey, W. and Cowgill, M. 2020, *No free lunch: Higher superannuation means lower wages*, Grattan Institute, Melbourne, Victoria.
- Collins, R. and Kishita, N. 2018, 'The effectiveness of mindfulness- and acceptance-based interventions for informal caregivers of people with dementia: A meta-analysis', *Gerontologist*, vol. 59, no. 4, pp. 363–379.
- Colombo, F., Llana-Nozal, A., Mercier, J. and Tjadens, F. 2011, *Help wanted?: Providing and paying for long-term care*, OECD Health Policy Studies, OECD, Paris.
- Commonwealth of Australia 2021, *2021 Intergenerational report: Australia over the next 40 years*, Commonwealth of Australia, Canberra.
- Constantin, A., Hamilton, M., Zettna, N., Baird, M., Dinale, D., Gulesserian, L. and Williams, A. 2022, 'Looking beyond hours of care: The effects of care strain on work withdrawal among Australian workers', *International Journal of Care and Caring*, vol. 6, no. 3, pp. 318–334.
- Corvol, A., Dreier, A., Prudhomme, J., Thyrian, J., Hoffmann, W. and Somme, D. 2017, 'Consequences of clinical case management for caregivers: A systematic review', *International Journal of Geriatric Psychiatry*, vol. 32, no. 5, pp. 473–483.
- Darwin Community Legal Service 2022, *Submission to Aged Care Employment Study*, [https://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0019/340453/sub046-aged-care-employment.pdf](https://www.pc.gov.au/__data/assets/pdf_file/0019/340453/sub046-aged-care-employment.pdf) (accessed 8 November 2022).
- De Meijer, C., Brouwer, W., Koopmanschap, M., van den Berg, B. and van Exel, J. 2010, 'The value of informal care—a further investigation of the feasibility of contingent valuation in informal caregivers', Wiley Online Library, *Health Economics*, vol. 19, no. 7, pp. 755–771.
- DEEWR (Department of Education, Employment and Workplace Relations) 2008, *Discussion Paper: National Employment Standards Exposure Draft*, 14 February, Australian Government, Canberra, p. 90.
- 2022, *Towards more productive and equitable workplaces - An evaluation of the Fair Work legislation Final report*, Text, scheme=AGLSTERMS.AglsAgent; corporateName=Department of Employment and Workplace Relations; address=50 Marcus Clarke St, Canberra City, ACT 2601; contact=+61 1300 566 046, Department of Employment and Workplace Relations, <https://www.dewr.gov.au/workplace-relations-australia/resources/towards-more-productive-and-equitable-workplaces-evaluation-fair-work-legislation-final-report> (accessed 12 May 2023).
- Deloitte Access Economics 2020, *The Value of Informal Care in 2020*, May, Deloitte Access Economics.
- Department for Business, Energy and Industrial Strategy 2022, *Impact assessment*, July, Carer's leave, Government of the United Kingdom, United Kingdom.
- Department of Social Services 2020, *Paid Parental Leave Amendment (Flexibility Measures) Bill 2020*, Attorney-General's Department, <http://www.legislation.gov.au/Details/C2020B00005/ExplanatoryMemorandum/Text> (accessed 3 May 2023).
- DEWR (Department of Employment and Workplace Relations) 2022, *Trends in Federal Enterprise Bargaining*, June Quarter, Australian Government.
- DHAC (Department of Health and Aged Care) 2022a, *2021-22 Report on the Operation of the Aged Care Act 1997*, Australian Government, pp. 1–134.
- 2022b, *A New Program for In-Home Aged Care*, Discussion Paper, October.
- 2022c, *Delivering Reforms to Improve Aged Care*, Australian Government, Aged care reforms, <https://www.health.gov.au/our-work/aged-care-reforms/delivering-reforms-to-improve-aged-care> (accessed 21 April 2023).
- 2022d, *Star Ratings for Aged Care Homes Now Available*, Australian Government, Let's change aged care together, <https://agedcareengagement.health.gov.au/blog/star-ratings-for-aged-care-homes-now-available/> (accessed 15 May 2023).
- 2022e, *Support at Home Program Overview*, Australian Government, Canberra, pp. 1–15, <https://www.health.gov.au/sites/default/files/documents/2022/01/support-at-home-program-overview.pdf> (accessed 6 April 2023).
- 2023a, *Aged Care Legislative Reform*, Aged care reforms, <https://www.health.gov.au/our-work/aged-care-reforms/aged-care-legislative-reform> (accessed 21 April 2023).
- 2023b, *Home Care Packages Program: Data Report 2nd Quarter 2022-23*, Australian Government, Canberra, pp. 1–34.
- Dharmawardene, M., Givens, J., Wachholtz, A., Makowski, S. and Tjia, J. 2016, 'A systematic review and meta-analysis of meditative interventions for informal caregivers and health professionals', *BMJ Support Palliat Care*, vol. 6, no. 2, pp. 160–169.
- Díaz-Rodríguez, L., Vargas-Román, K., Sanchez-Garcia, J.C., Rodríguez-Blanco, R., Cañadas-De la Fuente, G.A. and De La Fuente-Solana, E. 2021, 'Effects of meditation on mental health and cardiovascular balance in caregivers', *International Journal of Environmental Research and Public Health*, vol. 18, no. 2, pp. 1–11.
- Dixley, A., Boughey, R. and Herrington, A. 2019, *Informal carers and employment: Summary report of a systematic review*, UK Department for Work and Pensions, <https://www.gov.uk/government/publications/informal-carers-and-employment-summary-report-of-a-systematic-review> (accessed 1 February 2022).
- DoH (Department of Health) 2021a, *Australian Government Response to the Final Report of the Royal Commission into Aged Care Quality and Safety*, May.
- 2021b, *Australian Government Response to the Final Report of the Royal Commission into Aged Care Quality and Safety*, Australian Government, Canberra.
- 2021c, *Home Care (Pillar 1 of the Royal Commission response) – Support for informal carers*, Budget 2021-22 Fact Sheet, Australian Government.
- 2021d, *Home Care (Pillar 1 of the Royal Commission response) - Support for informal carers*, Australian Government, <https://www.health.gov.au/sites/default/files/documents/2021/05/home-care-pillar-1-of-the-royal-commission-response-support-for-informal-carers.pdf> (accessed 30 November 2022).
- 2022a, *Care finder policy guidance*, Australian Government, Canberra, pp. 1–39, [https://www.health.gov.au/sites/default/files/documents/2022/04/care-finder-policy-guidance-for-phns\\_0.pdf](https://www.health.gov.au/sites/default/files/documents/2022/04/care-finder-policy-guidance-for-phns_0.pdf) (accessed 15 February 2023).
- 2022b, *National Guide to the CHSP Client Contribution Framework*, Australian Government, Canberra, pp. 1–11,



<https://www.health.gov.au/sites/default/files/documents/2022/06/national-guide-to-the-chsp-client-contribution-framework-national-guide-to-the-chsp-client-contribution-framework.pdf> (accessed 12 May 2023).

DSS (Department of Social Services) 2016, *Carer Recognition Act 2010 Guidelines*, Australian Government, <https://www.dss.gov.au/our-responsibilities/disability-and-carers/publications-articles/carers-recognition-act-2010-guidelines> (accessed 19 May 2022).

— 2019, *Carer Support Framework, Integrated Carer Support Service (ICSS)*, December, Version 1.0.

— 2022a, 1.1.C.310 *Constant Care (CP)*, Government, Social Security Guide, <https://guides.dss.gov.au/social-security-guide/1/1/c/310> (accessed 25 October 2022).

— 2022b, 1.1.F.70 *Family member (CA (adult))*, Government, Social Security Guide, <https://guides.dss.gov.au/social-security-guide/1/1/f/70> (accessed 1 November 2022).

— 2022c, 1.1.U.30 *Unemployed (JSP)*, Social Security Guide, <https://guides.dss.gov.au/social-security-guide/1/1/u/30> (accessed 14 October 2022).

— 2022d, 5.1.8.50 *Common Provisions Affecting Indexation of Pensions*, Australian Government, Guides to Social Policy Law: Social Security Guide, <https://guides.dss.gov.au/social-security-guide/5/1/8/50#:~:text=The%20combined%20couple%20rate%20of,benchmarked%20to%2041.76%25%20of%20MTAWE> (accessed 15 December 2022).

— 2022e, 5.2.2.10 *Maximum Basic Rates of Pension - July 1909 to Present Date*, Guides to Social Policy Law: Social Security Guide, <https://guides.dss.gov.au/social-security-guide/5/2/2/10> (accessed 15 December 2022).

— 2022f, 2021-22 *Annual Report*, Australian Government, Canberra, pp. 1–308, [https://www.dss.gov.au/sites/default/files/documents/10\\_2022/2021-22-annual-report.pdf](https://www.dss.gov.au/sites/default/files/documents/10_2022/2021-22-annual-report.pdf) (accessed 6 January 2023).

— 2022g, *DSS Demographics - June 2022*, Data, DSS Demographics, Australian Government, Canberra, <https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/1188c950-542a-4ca6-9e3e-9f91f53d9314> (accessed 22 February 2023).

— 2022h, *DSS Income Support Recipients - Monthly Time Series - December 2022*, December.

— 2022i, *Impact evaluation of carer support programs*, Australian Government, <https://www.dss.gov.au/disability-and-carers-carers/impact-evaluation-of-carer-support-programs> (accessed 11 May 2023).

— 2023a, 1.1.A.78 *Adult Disability Assessment Tool (ADAT) (CA (adult), CP)*, Australian Government, Social Security Guide, <https://guides.dss.gov.au/social-security-guide/1/1/a/78> (accessed 21 April 2023).

— 2023b, 1.1.C.310 *Constant care (CP)*, Guides to Social Policy Law: Social Security Guide, <https://guides.dss.gov.au/social-security-guide/1/1/c/310> (accessed 2 February 2023).

— 2022j, *Submission to the Inquiry of the Senate Select Commission on Work and Care*, Submission, 20 October, Australian Government, Canberra.

den Dulk, L. and Yerkes, M.A. 2022, *Netherlands country note*, Research Report, 18, 18th international review on leave policies and related research, Leave Network, Hagen, <https://www.leavenetwork.org/annual-review-reports/review-2022/> (accessed 1 February 2022).

Edwards, B., Gray, M., Baxter, J. and Hunter, B. 2009, *The tyranny of distance?: carers in regional and remote areas of Australia*, Carers Australia, Deakin, A.C.T.

Employment and, Sick Leave, Employment, <https://employment.co.nz/guides/annual-leave-and-other-leave/sick-leave/> (accessed 15 May 2023).

Engel, L., Ajdukovic, M., Bucholc, J. and McCaffrey, N. 2021, 'Valuation of informal care provided to people living with dementia: a systematic literature review', *Value in Health*, vol. 24, no. 12, pp. 1863–1870.

Ernst & Young Australia 2019, *NDIS Thin Markets Project - Discussion Paper to Inform Consultation*, Department of Social Services (Cth), <https://engage.dss.gov.au/wp-content/uploads/2019/04/Thin-Markets-Project-Discussion-Paper-2019-04-05.pdf> (accessed 12 April 2023).

Ervin, J., Taouk, Y., Alfonzo, L., Peasgood, T. and King, T. 2022, 'Longitudinal association between informal unpaid caregiving and mental health amongst working age adults in high-income OECD countries: A systematic review', *eClinicalMedicine*, vol. 53, no. 1, pp. 1–15.

Eurocarers 2018, *Eurocarers Country Profiles*, Eurocarers, <https://eurocarers.org/country-profiles/> (accessed 24 May 2023).

— 2023, *Spain*, Eurocarers, <https://eurocarers.org/country-profiles/spain/> (accessed 4 April 2023).

European Commission 2019, *EU Work-life Balance Directive Enters into Force*, European Commission, <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newSld=9438&furtherNews=yes> (accessed 28 March 2023).

— 2022, *New Rights to Improve Work-life Balance in the EU Enter into Application Today*, Government, European Commission.

— 2023, *Employment, Social Affairs & Inclusion*, Government, European Commission, <https://ec.europa.eu/social/main.jsp?catId=1106&intPageld=4474&langId=en> (accessed 4 April 2023).

European Council 1997, 'Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC', no. 014, <http://data.europa.eu/eli/dir/1997/81/oj/eng> (accessed 24 March 2023).

Eurostat 2022, 'Population and employment', *Eurostat*, [https://ec.europa.eu/eurostat/databrowser/view/NAMA\\_10\\_PE\\_\\_custom\\_4393419/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/NAMA_10_PE__custom_4393419/default/table?lang=en) (accessed 1 February 2022).

— 2023, *Eurostat*, Eurostat Data Browser, <https://ec.europa.eu/eurostat/databrowser/view/tps00214/default/table?lang=en> (accessed 3 April 2023).

FECCA (Federation of Ethnic Communities' Councils of Australia) 2015, *Review of Australian research on older people from culturally and linguistically diverse backgrounds*, March, FECCA, Canberra.

— 2020, *EnCOMPASS: Multicultural Aged Care Connector*, Resources, <https://fecca.org.au/encompass/> (accessed 7 February 2023).

Federal Ministry for Family Affairs, Senior Citizens, Women and Youth nd, *Better Compatibility of Family, Care and Career*, Government, Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, <https://www.wege-zur-pflege.de/familienpflegezeit> (accessed 1 February 2023).

French Republic 2022, *Daily Allowance to Accompany a Person at the End of Life*, Government, Republique Francaise, <https://www.service-public.fr/particuliers/vosdroits/F706?lang=en> (accessed 4 April 2023).

- Furnival, A. and Cullen, D. 2022, *Caring costs us: The economic impact on lifetime income and retirement savings of informal carers*, Report prepared by Evaluate on behalf of Carers Australia, March, Evaluate, Sydney.
- FWC (Fair Work Commission) 2015, *General Manager's report into the operation of the provisions of the National Employment Standards relating to requests for flexible working arrangements and extensions of unpaid parental leave under s.653 of the Fair Work Act 2009 (Cth) 2012-2015*, Commonwealth of Australia.
- 2021, *General Manager's report into the operation of the provisions of the National Employment Standards relating to requests for flexible working arrangements and extensions of unpaid parental leave under s.653 of the Fair Work Act 2009 (Cth) 2018-2021*, Commonwealth of Australia.
- 2022, *Annual Report 2021-22: Access to Justice*.
- 2023, *Periods of Service as a Casual Employee*, Government, Fair Work Commission, <https://www.fwc.gov.au/periods-service-casual-employee> (accessed 13 February 2023).
- nd, *Secure Jobs Better Pay Act – What's Changing*, Government, Fair Work Commission, <https://www.fwc.gov.au/about-us/secure-jobs-better-pay-act-whats-changing> (accessed 16 May 2023).
- FWO (Fair Work Ombudsman) 2022a, *Minimum wages*, <https://www.fairwork.gov.au/pay-and-wages/minimum-wages> (accessed 29 May 2023).
- 2022b, *Parental Leave & Related Entitlements*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/tools-and-resources/fact-sheets/minimum-workplace-entitlements/parental-leave-and-related-entitlements> (accessed 18 April 2023).
- 2023a, *Casual Employees*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/starting-employment/types-of-employees/casual-employees> (accessed 13 February 2023).
- 2023b, *Family & Domestic Violence Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/family-and-domestic-violence-leave> (accessed 13 February 2023).
- 2023c, *Flexible Working Arrangements*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/employment-conditions/flexibility-in-the-workplace/flexible-working-arrangements> (accessed 14 February 2023).
- 2023d, *Maternity & Parental Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/maternity-and-parental-leave> (accessed 13 February 2023).
- 2023e, *National Employment Standards*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/employment-conditions/national-employment-standards> (accessed 13 February 2023).
- 2023f, *Notice & Medical Certificates*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/sick-and-carers-leave/paid-sick-and-carers-leave/notice-and-medical-certificates> (accessed 13 February 2023).
- 2023g, *Paid Sick & Carer's Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/sick-and-carers-leave/paid-sick-and-carers-leave> (accessed 13 February 2023).
- 2023h, *Personal/Carer's Leave, Compassionate Leave & Family and Domestic Violence Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/tools-and-resources/fact-sheets/minimum-workplace-entitlements/personal-leave-and-compassionate-leave> (accessed 13 February 2023).
- 2023i, *Taking Parental Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/maternity-and-parental-leave/taking-parental-leave> (accessed 3 May 2023).
- 2023j, *Unpaid Carer's Leave*, Government, Fair Work Ombudsman, <https://www.fairwork.gov.au/leave/sick-and-carers-leave/unpaid-carers-leave> (accessed 13 February 2023).
- nd, *Australia's Industrial Relations Timeline*, <https://www.fairwork.gov.au/about-us/legislation/the-fair-work-system/australias-industrial-relations-timeline> (accessed 24 May 2023).
- Gallen, Y. 2018, *The effect of maternity leave extensions on firms and coworkers*, Working Paper, Working paper no. 2018-40, Becker Friedman Institute.
- Gimm, G. and Yang, Y.T. 2016, 'The effect of paid leave laws on family caregivers for the elderly', Springer, *Ageing International*, vol. 41, no. 2, pp. 214–226.
- Ginja, R., Karimi, A. and Xiao, P. 2023, 'Employer responses to family leave programs', *American Economic Journal: Applied Economics*, vol. 15, no. 1, pp. 107–135.
- González-Fraile, E., Ballesteros, J., Rueda, J., Santos-Zorrozúa, B., Solà, I. and McCleery, J. 2021, 'Remotely delivered information, training and support for informal caregivers of people with dementia (Review)', *Cochrane Database of Systematic Reviews*, no. 1, pp. 1–146.
- Government of Manitoba 2022, *Employment Standards*, Government, Province of Manitoba, <https://www.gov.mb.ca/labour/standards/doc/compassionate-leave,factsheet.html> (accessed 31 January 2023).
- Greenwood, N., Habibi, R. and Mackenzie, A. 2012, 'Respite: Carers' experiences and perceptions of respite at home', vol. 12, no. 42, pp. 1–12.
- Gruber, J. 1994, 'The incidence of mandated maternity benefits', *The American Economic Review*, vol. 84, no. 3, pp. 622–641.
- Hajek, A., Kretzler, B. and König, H.-H. 2021, 'Informal caregiving, loneliness and social isolation: A systematic review', *International Journal of Environmental Research and Public Health*, vol. 18, no. 22, p. 12101.
- Harkin, D., O'Connor, C., Birch, M.-R. and Poulos, C. 2019, 'Perspectives of Australian family carers of people with dementia on the "cottage" model of respite: Compared to traditional models of residential respite provided in aged care facilities', *Health & Social Care in the Community*, vol. 28, no. 3, pp. 1–12.
- healthdirect 2022, *Carers*, Australian Health Services, [https://www.healthdirect.gov.au/australian-health-services/results/melbourne-3000/tihcs-aht-10440/carers?pageIndex=1&tab=SITE\\_VISIT](https://www.healthdirect.gov.au/australian-health-services/results/melbourne-3000/tihcs-aht-10440/carers?pageIndex=1&tab=SITE_VISIT) (accessed 28 November 2022).
- Hebdon, M., Xu, J., Reblin, M., Clayton, M., Mooney, K. and Ellington, L. 2022, 'Balancing work and hospice caregiving - a closer look at burden, preparedness, and mental health', *Journal of Pain and Symptom Management*, vol. 63, no. 2, pp. 283–292.
- Hegewisch, A. 2009, *Flexible working policies: A comparative review*, Research Report, 16, Equality and Human Rights Commission Research Report Series, Equality and Human Rights Commission, Manchester.

- House of Commons Library 2023, *Carer's Leave Bill 2022-23: Progress of the Bill*, Government, UK Parliament.
- Huo, Z., Chan, J., Lin, J., Baker, B., Chan, T., Tsoi, K. and Yip, B. 2021, 'Supporting informal caregivers of people with dementia in cost-effective ways: A systematic review and meta-analysis', *Value in Health*, vol. 24, no. 12, pp. 1853–1862.
- Hussain, R., Wark, S. and Ryan, P. 2018, 'Caregiving, employment and social isolation: Challenges for rural carers in Australia', *International Journal of Environmental Research and Public Health*, vol. 15, no. 10.
- ILO (International Labour Organization) 2003, *Time for equality at work*, Global report, 3 April, I(B), Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Organisation, Geneva, [http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS\\_PUBL\\_9221128717\\_EN/lang-en/index.htm](http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221128717_EN/lang-en/index.htm) (accessed 24 March 2023).
- Interim Economic Inclusion Advisory Committee 2023, *2023-24 Report to the Australian Government*, Australian Government, Canberra, pp. 1–99.
- Jensen, M., Nwando, A., Canavan, M. and McCarthy, G. 2014, 'Effectiveness of educational interventions for informal caregivers of individuals with dementia residing in the community: systematic review and meta-analysis of randomised controlled trials', *International Journal of Geriatric Psychology*, vol. 30, no. 2, pp. 130–143.
- Klapdor, M. 2022, 'High inflation = higher social security rate increases', *Flagpost, Parliament of Australia*.
- and Giuliano, C. 2020, *The impact of COVID-19 on JobSeeker Payment recipient numbers by electorate*, Research Paper, Parliament of Australia, Canberra, pp. 1–25, [https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/7441146/upload\\_binary/7441146.pdf](https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/7441146/upload_binary/7441146.pdf) (accessed 10 February 2023).
- and Lotric, A. 2022, *Australian Government COVID-19 disaster payments: A quick guide*, Research Paper, Parliament of Australia, Canberra, pp. 1–10, [https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/8027050/upload\\_binary/8027050.pdf](https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/8027050/upload_binary/8027050.pdf) (accessed 1 February 2023).
- Komamura, K. and Yamada, A. 2004, *Who bears the burden of social insurance?*, March, w10339, National Bureau of Economic Research, Cambridge, MA, p. w10339, <http://www.nber.org/papers/w10339.pdf> (accessed 6 April 2023).
- Koslowski, A., Blum, S., Dobrotic, I., Kaufman, G. and Moss, P. 2021, *International review of leave policies and research 2021*, Research Report, 17, Leave Network, Hagen, <https://www.leavenetwork.org/annual-review-reports/archive-reviews/> (accessed 30 January 2023).
- , —, —, — and — 2022, *18th international review on leave policies and related research*, Research Report, 18, Leave Network, Hagen, vol. vol. 18, [https://ub-deposit.fernuni-hagen.de/receive/mir\\_mods\\_00001867](https://ub-deposit.fernuni-hagen.de/receive/mir_mods_00001867) (accessed 1 February 2023).
- KPMG 2022, *Review of the Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Act 2021 (Cth)*, 11 October.
- Laboris, I. 2019, *South Korea: New Leave Entitlements Granted*, Society for Human Resources Management, <https://www.shrm.org/resourcesandtools/legal-and-compliance/employment-law/pages/global-south-korea-new-leave-entitlements.aspx> (accessed 8 May 2023).
- Leigh, A. 2010, 'Informal care and labor market participation', *Labour Economics*, vol. 17, no. 1, pp. 140–149.
- Lerner, S. and Appelbaum, E. 2014, *Business as usual: New Jersey employers' experiences with family leave insurance*, Center for Economic and Policy Research.
- Lived Experience Australia Ltd 2021, *Consumer and carer experiences of psychology services in Australia*, Lived Experience Australia Ltd, pp. 1–46, [https://www.livedexperienceaustralia.com.au/\\_files/ugd/07109d\\_2814e70b9ef94966949a7a283f29ed3f.pdf](https://www.livedexperienceaustralia.com.au/_files/ugd/07109d_2814e70b9ef94966949a7a283f29ed3f.pdf) (accessed 3 May 2023).
- Lo Sasso, A.T. and Johnson, R.W. 2002, 'Does informal care from adult children reduce nursing home admissions for the elderly?', *The Journal of Health Care Organization, Provision, and Financing*, vol. 39, no. 3, pp. 279–297.
- McGrath, P., Patton, M.A., McGrath, Z., Olgvie, K., Rayner, R. and Holewa, H. 2006, '“It's very difficult to get respite out here at the moment”: Australian findings on end-of-life care for Indigenous people', *Health Soc Care Community*, vol. 14, no. 2, pp. 147–155.
- Meil, G., Lapuerta, I. and Escobedo, A. 2020, *Spain country note*, Research Report, 16, 18th International Review of Leave Policies and Related Research, Leave Network, Hagen.
- Melbourne Institute 2022, *Poverty lines: Australia*, Applied Economic & Social Research, June Quarter 2022, University of Melbourne, Melbourne, pp. 1–4, [https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0008/4288661/Poverty-Lines-Australia-June-2022.pdf](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0008/4288661/Poverty-Lines-Australia-June-2022.pdf) (accessed 15 December 2022).
- Mortelmans, D. and Fusulier, B. 2022, *Belgium country note*, 18th International Review of Leave Policies and Related Research 2022, 18, Leave Network, Hagen, <https://www.leavenetwork.org/annual-review-reports/review-2022/> (accessed 1 February 2022).
- myagedcare 2022a, *Home Care Packages*, Australian Government, Help at home, <https://www.myagedcare.gov.au/help-at-home/home-care-packages> (accessed 28 November 2022).
- 2022b, *Short-term Restorative Care*, Australian Government, Short-term care, <https://www.myagedcare.gov.au/short-term-care/short-term-restorative-care> (accessed 28 November 2022).
- 2023a, *Help From a Care Finder*, Australian Government, <https://www.myagedcare.gov.au/help-care-finder> (accessed 31 January 2023).
- 2023b, *Home Care Package Costs and Fees*, Australian Government, <https://www.myagedcare.gov.au/home-care-package-costs-and-fees#what-do-i-pay> (accessed 24 May 2023).
- 2023c, *Respite Care*, Australian Government, Short-term care, <https://www.myagedcare.gov.au/short-term-care/respice-care> (accessed 30 January 2023).
- 2023d, *Short-term Care Costs and Fees*, Australian Government, <https://www.myagedcare.gov.au/short-term-care-costs-and-fees#respice-care-fees> (accessed 12 May 2023).
- NAC and AARP (National Alliance for Caregiving and AARP) 2020, *Caregiving in the U.S. 2020*, Research Report, Washington DC.
- Nagin, D.S. 2014, 'Group-based trajectory modeling: An overview', *Annals of Nutrition and Metabolism*, vol. 65, pp. 205–210.
- and Odgers, C.L. 2010, 'Group-based trajectory modeling (nearly) two decades later', *Journal of Quantitative Criminology*, vol. 26, pp. 445–453.



- NARI (National Ageing Research Institute) 2020, *Inside the system: Home and respite care clients' perspectives*, Research paper 14, pp. 1–139, <https://agedcare.royalcommission.gov.au/sites/default/files/2020-10/research-paper-14.pdf> (accessed 6 April 2023).
- NDIA (National Disability Insurance Agency) 2022, *Connecting with participants*, <https://www.ndis.gov.au/providers/working-provider/connecting-participants> (accessed 10 January 2023).
- Niimi, Y. 2021, *Juggling paid work and elderly care provision in Japan: Does a flexible work environment help family caregivers cope?*, Working paper, 11 March, no. 1228, 1228, ADBI Working Papers, Asian Development Bank, Tokyo.
- O'Connell, B., Hawkins, M., Ostaszewicz, J. and Millar, L. 2012, 'Carers' perspectives of respite care in Australia: An evaluative study', *Contemporary Nurse*, vol. 41, no. 1, pp. 111–119.
- OECD (Organisation for Economic Cooperation and Development) 2012, 'Human resources management country profiles: Belgium', <https://www.oecd.org/gov/pem/OECD%20HRM%20Profile%20-%20Belgium.pdf> (accessed 1 February 2022).
- 2022a, *Average Annual Wages*, OECD.Stat, [https://stats.oecd.org/Index.aspx?DataSetCode=AV\\_AN\\_WAG](https://stats.oecd.org/Index.aspx?DataSetCode=AV_AN_WAG) (accessed 29 November 2022).
- 2022b, *Conversion rates - Purchasing power parities (PPP)*, <http://data.oecd.org/conversion/purchasing-power-parities-ppp.htm> (accessed 27 February 2023).
- 2022c, *Purchasing Power Parities (PPP)*, OECD Data, <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm> (accessed 1 February 2023).
- O'Toole, M., Zachariae, R., Renna, M., Mennin, D. and Applebaum, A. 2017, 'Cognitive behavioral therapies for informal caregivers of patients with cancer and cancer survivors: a systematic review and meta-analysis', *Psycho-Oncology*, vol. 26, no. 1, pp. 428–437.
- Pavalko, E.K. and Henderson, K.A. 2006, 'Combining care work and paid work: Do workplace policies make a difference?', *Research on Aging*, vol. 28, no. 3, pp. 359–374.
- Payne, M., Rushton, A. and Hume, J. 2022, *Budget 2022-23: Women's Budget Statement*, [https://archive.budget.gov.au/2022-23/womens-statement/download/womens\\_budget\\_statement\\_2022-23.pdf](https://archive.budget.gov.au/2022-23/womens-statement/download/womens_budget_statement_2022-23.pdf) (accessed 18 May 2023).
- PC (Productivity Commission) 2009, *Paid Maternity, Paternity and Parental Leave*, Report no. 47, Canberra.
- 2015, *Workplace Relations Framework*, Report no. 76, Canberra.
- 2017, *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Report no. 85, Canberra.
- 2020, *Mental Health*, Report no. 95, Canberra.
- 2021, *Working from home*, Commission Research Paper, Canberra.
- 2022, *Aged care employment*, Study Report, Canberra.
- Perry, B., Dalton, J.E. and Edwards, M. 2010, 'Family caregivers' compassion fatigue in long-term facilities', *Nursing Older People*, vol. 22, no. 4, pp. 26–31.
- Productivity Commission 2021, *Working from home*, Research Paper, Canberra.
- RCACQS (Royal Commission into Aged Care Quality and Safety) 2019, *Carers of Older Australians*, July, Background Paper 6.
- 2020, *Current Respite Care Arrangements*, Attachment A, pp. 1–8, <https://agedcare.royalcommission.gov.au/system/files/2020-06/RCD.9999.0147.0011.pdf> (accessed 5 April 2023).
- 2021a, *Final Report: Care, Dignity and Respect, Executive Summary*, Executive Summary, <https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-executive-summary.pdf> (accessed 19 May 2023).
- 2021b, *Final Report: Care, Dignity and Respect, Volume 1, Summary and Recommendations*.
- 2021c, *Final Report: Care, Dignity and Respect, Volume 2, The Current System*.
- 2021d, *Final Report: Care, Dignity and Respect, Volume 3A, The New System*.
- RCVANEPD (Royal Commission into Violence, Abuse, Neglect and Exploitation of People With Disability) 2022, *Public Hearing Report: Public Hearing 14 Preventing and Responding to Violence, Abuse, Neglect and Exploitation in Disability Services (South Australia)*, June.
- Rocard, E. and Llana-Nozal, A. 2022, *Supporting informal carers of older people: Policies to leave no carer behind*, Working Paper, 26 April, 140, OECD Health Working Papers, OECD, Paris.
- Rogero-García, J. and García-Sainz, C. 2016, 'Caregiver leave-taking in Spain: rate, motivations, and barriers', *Routledge, Journal of Aging & Social Policy*, vol. 28, no. 2, pp. 98–112.
- Rossin-Slater, M., Ruhm, C.J. and Waldfogel, J. 2013, 'The effects of California's paid family leave program on mothers' leave-taking and subsequent labor market outcomes', Wiley Online Library, *Journal of Policy Analysis and Management*, vol. 32, no. 2, pp. 224–245.
- Roy Morgan 2020, *What Australians think of ageing and aged care. A survey for the Royal Commission into Aged Care Quality and Safety*, Research Paper 4.
- Sakurai, S. and Kohno, Y. 2020, 'Effectiveness of respite care via short-stay services to support sleep in family caregivers', *International Journal of Environmental Research and Public Health*, vol. 17, no. 7, pp. 2428–2437.
- Schirmer, J., Mylek, M. and Miranti, R. 2022, *Caring for others and yourself: 2022 Carer Wellbeing Survey*, Carers Australia.
- Schmidt, E.M. and Schmidt, A.E. 2022, *Austria country note*, Research Report, 18, 18th International Review of Leave Policies and Research 2022, Leave Network, Hagen.
- SCRGSP (Steering Committee for the Review of Government Service Provision) 2020, *Report on Government Services 2020 - Part F Community Services*, Productivity Commission, Canberra.
- 2022a, *Report on Government Services 2022 - Part E Health*, Productivity Commission, Canberra.
- 2022b, *Report on Government Services 2022 - Part F Community Services*, Productivity Commission, Canberra.
- 2023, *Report on Government Services 2023 - Part F Community Services*, Productivity Commission, Canberra.
- Senate Economics References Committee 2016a, 'A husband is not a retirement plan' *Achieving economic security for women in retirement*, April, Parliament of Australia.
- 2016b, *Official Committee Hansard, Economic security for women in retirement*, Friday 12 February, Parliament of Australia.



- Services Australia 2021a, *Carer Supplement*, Australian Government, Caring for someone, <https://www.servicesaustralia.gov.au/carers-supplement> (accessed 20 January 2023).
- 2021b, *How Much Carer Supplement Can You Get?*, Government, Services Australia, <https://www.servicesaustralia.gov.au/how-much-carer-supplement-you-can-get?context=21821> (accessed 6 January 2023).
- 2021c, *Rules for a Person 16 Years or Older Getting Care*, Australian Government, Carer Allowance: Who can get it, <https://www.servicesaustralia.gov.au/carers-allowance-rules-for-person-16-years-or-older-getting-care?context=21811> (accessed 15 February 2023).
- 2021d, *Rules for the Person 16 or Older Getting Care*, Australian Government, Carer Payment: Who can get it, <https://www.servicesaustralia.gov.au/carers-payment-rules-for-person-16-or-older-getting-care?context=21816> (accessed 15 February 2023).
- 2022a, *Choosing Between Carer Payment and Age Pension*, Australian Government, Caring for elderly, <https://www.servicesaustralia.gov.au/choosing-between-carer-payment-and-age-pension?context=60056> (accessed 20 January 2023).
- 2022b, *How Much JobSeeker Payment You Can Get*, <https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411> (accessed 19 December 2022).
- 2022c, *How Much You Can Get*, Australian Government, Carer Payment, <https://www.servicesaustralia.gov.au/how-much-carer-payment-you-can-get?context=21816> (accessed 14 December 2022).
- 2022d, *How Much You Can Get*, Australian Government, Age Pension, <https://www.servicesaustralia.gov.au/how-much-age-pension-you-can-get?context=22526> (accessed 20 January 2023).
- 2022e, *Income and assets*, <https://www.servicesaustralia.gov.au/sites/default/files/2022-10/sa369-2210en-f.pdf> (accessed 14 November 2022).
- 2022f, *Other Forms You May Need to Complete*, Australian Government, Carer Payment: How to claim, <https://www.servicesaustralia.gov.au/other-forms-you-may-need-to-complete-carer-payment?context=21816> (accessed 17 February 2023).
- 2022g, *Residence Rules*, Australian Government, Carer Payment: Who can get it, <https://www.servicesaustralia.gov.au/residence-rules-for-carer-payment?context=21816> (accessed 15 February 2023).
- 2022h, *Residence Rules*, Age Pension: Who can get it, <https://www.servicesaustralia.gov.au/residence-rules-for-age-pension?context=22526> (accessed 15 February 2023).
- 2022i, *Rules for Carers*, Australian Government, Carer Payment: Who can get it, <https://www.servicesaustralia.gov.au/carers-payment-rules-for-carers?context=21816> (accessed 6 January 2023).
- 2022j, *Rules for Carers*, Australian Government, Carer Allowance: Who can get it, <https://www.servicesaustralia.gov.au/carers-allowance-rules-for-carers?context=21811> (accessed 15 February 2023).
- 2022k, *Rules for Carers: To Get Carer Allowance as a Carer You Must Meet These Rules*, Australian Government, Health and disability, <https://www.servicesaustralia.gov.au/carers-allowance-rules-for-carers?context=21811> (accessed 16 December 2022).
- 2022l, *Rules for Carers: You Must Meet These Rules to Get Carer Payment as a Carer*, Australian Government, Health and disability, <https://www.servicesaustralia.gov.au/carers-payment-rules-for-carers?context=21816> (accessed 16 December 2022).
- 2022m, *Time Off to Work, Study or Train*, Australian Government, Carer Payment: Who can get it, <https://www.servicesaustralia.gov.au/time-to-work-study-or-train-if-you-get-carer-payment?context=21816> (accessed 15 February 2023).
- 2022n, *Who can get it*, Australian Government, Age Pension, <https://www.servicesaustralia.gov.au/who-can-get-age-pension?context=22526> (accessed 20 January 2023).
- 2023a, *How Much Carer Allowance Can You Get*, Government, Services Australia, <https://www.servicesaustralia.gov.au/how-much-carer-allowance-you-can-get?context=21811> (accessed 6 January 2023).
- 2023b, *Income and Assets Test*, Australian Government, Carer Payment: Who can get it, <https://www.servicesaustralia.gov.au/income-and-assets-test-for-carer-payment?context=21816> (accessed 15 February 2023).
- 2023c, *Income Test for Pensions*, Government, Services Australia, <https://www.servicesaustralia.gov.au/income-test-for-pensions?context=21816> (accessed 6 January 2023).
- Sinclair, S., Kopanidis, F. and de Silva, A. 2017, *Accommodating our ageing communities*, A report for Longevity Group Australia, RMIT University.
- Skinner, N. and Pocock, B. 2014, *The persistent challenge: Living, working and caring in Australia in 2014*, The Australian Work and Life Index 2014, Centre for Work + Life, University of South Australia.
- Skira, M. 2015, 'Dynamic wage and employment effects of elder parent care', *International Economic Review*, vol. 56, no. 1, pp. 63–93.
- SSWC (Senate Select Committee on Work and Care) 2022, *Interim Report*, October.
- 2023, *Final Report*, March.
- Statista 2022a, 'Austria: Employment from 2013 to 2023', vol. October, <https://www.statista.com/statistics/795222/employment-in-austria/> (accessed 1 February 2023).
- 2022b, *Belgium: Average Monthly Income 2020*, Statista, <https://www.statista.com/statistics/529520/average-monthly-wage-in-belgium/> (accessed 22 May 2023).
- Summers, L.H. 1989, 'Some simple economics of mandated benefits', *The American Economic Review*, vol. 79, no. 2, pp. 177–183.
- The World Bank 2022, *Labor Force, Total - Austria, Japan, Czechia, Belgium*, Database, The World Bank, <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?end=2019&locations=AT-JP-CZ-BE&start=2019&view=bar> (accessed 28 February 2023).
- Thomas, M. 2020, 'The impact of mandated maternity leave policies on the gender gap in promotions: examining the role of employer-based discrimination', *SSRN Electronic Journal*, <https://www.ssrn.com/abstract=3729663> (accessed 6 February 2023).

- Thorson-Olesen, S.J., Meinertz, N. and Eckert, S. 2019, 'Caring for aging populations: Examining compassion fatigue and satisfaction', *Journal of Adult Development*, vol. 26, no. 3, pp. 232–240.
- Treanor, C., Santin, O., Prue, G., Coleman, H., Cardwell, C., O'Halloran, P. and Donnelly, M. 2020, 'Psychosocial interventions for informal caregivers of people living with cancer (Review)', *Cochrane Database of Systematic Reviews*, no. 6, pp. 1–113.
- Vacation Tracker 2023, *Austria Leave Laws*, Vacation Tracker, <https://vacationtracker.io/leave-laws/europa/austria> (accessed 4 April 2023).
- nd, *Norway Leave Laws*, Vacation Tracker, <https://vacationtracker.io/leave-laws/europa/norway/> (accessed 25 May 2023).
- Van Houtven, C.H. and Norton, E.C. 2004, 'Informal care and health care use of older adults', Elsevier, *Journal of Health Economics*, vol. 23, no. 6, pp. 1159–1180.
- Vandepitte, S., Putman, K., Van Den Noortgate, N. and Verhaeghe, S. 2019, 'Effectiveness of an in-home respite care program to support informal dementia caregivers: A comparative study', *International Journal of Geriatric Psychiatry*, vol. 34, no. 1, pp. 1534–1544.
- , — and Verhaeghe, S. 2016, 'Effectiveness of respite care in supporting informal caregivers of persons with dementia: A systematic review: Impact of dementia respite care in supporting caregivers', *International Journal of Geriatric Psychology*, vol. 31, no. 12, pp. 1–13.
- Verde, M. 2021, *Two New Care Leaves*, Lexology, <https://www.lexology.com/library/detail.aspx?g=00d79e50-20ff-48cd-b248-03492057870a> (accessed 15 May 2023).
- Victorian Government 2022, *Support for Carers Program funding*, <https://www.vic.gov.au/support-carers-program-funding> (accessed 29 November 2022).
- Watarrka Foundation 2023, *The Role of Family & Kinship in Aboriginal Culture*, Watarrka Foundation, <https://www.watarrkafoundation.org.au/blog/the-role-of-family-kinship-in-aboriginal-culture> (accessed 9 January 2023).
- Watson, N. and Wooden, M. 2012, 'The HILDA survey: A case study in the design and development of a successful household panel study', *Longitudinal and Life Course Studies*, vol. 3, no. 3, pp. 369–381.
- Weaver, F.M. and Weaver, B.A. 2014, 'Does availability of informal care within the household impact hospitalisation?', Cambridge University Press, *Health Economics, Policy and Law*, vol. 9, no. 1, pp. 71–93.
- Welsh, J., Strazdins, L., Charlesworth, S., Kulik, C.T. and D'Este, C. 2018, 'Losing the workers who need employment the most: how health and job quality affect involuntary retirement', *Labour & Industry: a journal of the social and economic relations of work*, vol. 28, no. 4, pp. 261–278.
- WGEA (Workplace Gender Equality Agency) 2016, *Unpaid Care Work and the Labour Market*, Workplace Gender Equality Agency.
- 2021, *Gari Yala (Speak the Truth): Gendered Insights*.
- 2022, *Submission to Senate Committee on Work and Care*, Submission 17, WGEA.
- WHO (World Health Organization) 2017, *Evidence profile: caregiver support*, ICOPE guidelines, pp. 1–35.
- Wilkins, R., Vera-Toscano, E., Botha, F. and Dahmann, S. 2021, *The Household, Income and Labour Dynamics in Australia Survey: Selected findings from waves 1 to 19*, 7 December, Melbourne Institute: Applied Economic & Social Research, University of Melbourne.
- Wu, J., Tam, M., Buch, K., Khairati, F., Wilson, L., Bannerman, E., Guerrero, A., Eisen, A., Toyer, W., Stevenson, T. and Robillard, J. 2022, 'The impact of respite care from the perspectives and experiences of people with amyotrophic lateral sclerosis and their care partners: A qualitative study', *BMC Palliative Care*, vol. 21, no. 26, pp. 1–11.
- Wyatt, W. 2003, *Federal Government Implements Compassionate Leave Benefits*, HR infodesk, <https://www.hrinfodesk.com/preview.asp?article=11344> (accessed 8 May 2023).
- Xiao, P. 2019, *Wage and employment discrimination by gender in labor market equilibrium*, Working Papers 144, VATT Institute for Economic Research.
- Yesufu-Udechuku, A., Harrison, B., Mayo-Wilson, E., Young, N., Woodhams, P., Shiers, D., Kuipers, E. and Kendall, T. 2015, 'Interventions to improve the experience of caring for people with severe mental illness: Systematic review and meta-analysis', *The British Journal of Psychiatry*, vol. 206, no. 1, pp. 268–274.
- Your Caring Way 2023, *Introducing Your Caring Way*, Who we are, <https://yourcaringway.com.au/about/who-we-are/> (accessed 9 May 2023).