Commonwealth Financial Planning

Women Carers in Financial Stress Report

Lifetime health and economic consequences of caring:
modelling health and economic prospects
of female carers in Australia

prepared by
the National Centre for Social and Economic Modelling
University of Canberra

Carers AUSTRALIA

Commonwealth Financial Planning

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Message from Tim Gunning, General Manager of Commonwealth Financial Planning

I am proud to announce our new research sponsorship of Carers Australia. Commonwealth Financial Planning is committed to addressing Australian community needs. We support Carers Australia in its efforts to improve the livelihoods of people who provide informal care to those affected by chronic illness, the elderly and disabled.

The Commonwealth Financial Planning Women Carers in Financial Stress Report is the first to examine the lifetime health of Australia's predominantly female carer population.

The 2.6 million unpaid carers in Australia provide services estimated at more than $30.5 billion annually, yet many remain economically and socially disadvantaged. The CFP Women Carers Report shows informal carers have lower workforce participation rates and reduced healthy lifespans, fuelling a reduction in household incomes and retirement savings.

I believe this research will significantly raise awareness on the well-being of carers and identify actions to reduce the risk of unnecessary financial stress on these members of the community. I am pleased that Commonwealth Financial Planning can participate by funding the research.

Sincerely,

Tim Gunning
General Manager
Commonwealth Financial Planning

About Commonwealth Financial Planning

Commonwealth Financial Planning's aspiration is to be the adviser of choice for all Australians. We offer financial advice to customers through over 700 planners employed by the Commonwealth Bank operating in branches across Australia. Financial planners advise customers on: budgeting and goal setting, building a financial plan, ongoing financial independence and protecting assets. Commonwealth Financial Planning has over 18 years of experience in providing financial advice and investment services. To find out more about Commonwealth Financial Planning, call 1800 241 996 or visit www.commbank.com.au

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The design and conduct of the study, identification and analysis of data, and interpretation of the findings were undertaken by the researchers independent of Carers Australia.

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The CFP Women Carers Report uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey 2006. The HILDA Project was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research (MIAESR). The findings and views reported in the CFP Women Carers Report, however, are those of the author and should not be attributed to either FaHCSIA or the MIAESR.

The CFP Women Carers Report also uses unit record data from the Survey of Disability, Ageing and Carers 2003 conducted by the Australian Bureau of Statistics (ABS). The findings and views reported in this report, however, are those of the author and should not be attributed to ABS.

About NATSEM

The National Centre for Social and Economic Modelling was established on 1 January 1993, and supports its activities through research grants, commissioned research and longer term contracts for model maintenance and development.

NATSEM aims to be a key contributor to social and economic policy debate and analysis by developing models of the highest quality, undertaking independent and impartial research, and supplying valued consultancy services.

Policy changes often have to be made without sufficient information about either the current environment or the consequences of change. NATSEM specialises in analysing data and producing models so that decision makers have the best possible quantitative information on which to base their decisions.

NATSEM has an international reputation as a centre of excellence for analysing microdata and constructing microsimulation models. Such data and models commence with the records of real (but unidentifiable) Australians. Analysis typically begins by looking at either the characteristics or the impact of a policy change on an individual household, building up to the bigger picture by looking at many individual cases through the use of large datasets.

It must be emphasised that NATSEM does not have views on policy. All opinions are the authors' own and are not necessarily shared by NATSEM.

Director: Ann Harding

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General caveat

NATSEM research findings are generally based on estimated characteristics of the population. Such estimates are usually derived from the application of microsimulation modelling techniques to microdata based on sample surveys.

These estimates may be different from the actual characteristics of the population because of sampling and non-sampling errors in the microdata and because of the assumptions underlying the modelling techniques.

The microdata do not contain any information that enables identification of the individuals or families to which they refer.

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EXECUTIVE SUMMARY

Key Issues

Home-based care provided by family members is the most common form of caring for people with disabilities in Australia. However, it is becoming increasingly evident that this model of care is generating enormous health and financial consequences for informal carers.

Carers are experiencing high stress levels, low sense of wellbeing and poor health. A key contributor to this is the high level of financial stress they face. There are many factors contributing to carers and their families having low household incomes. The main reason is that taking on an informal carer role has a significant impact on an individual's ability to work. Many carers leave paid employment either permanently or on a part-time basis to become carers. Spending all or a significant proportion of one's working years out of the workforce also means that there is limited opportunity to invest towards retirement through superannuation, and with high household expenditure levels relative to income, there is little opportunity for household savings. Without superannuation carers will have to depend on the aged pension provided by the government to support their needs in their retirement years.

Because primary carers are more likely to be women than men, women are more likely to 'pay the price' of being a carer.

Study Aim

This study examines the impact of taking on a primary carer's role on the health and economic well-being of women in Australia over the course of their 'working' life. Comparison in health status and financial well-being over the working-life years (30 to 64 years of age) is made between female primary carers and other women who have similar characteristics except for the fact that they have no caring responsibilities.

Data and Methods

Main data sources used in the study are the 2006 Household, Income and Labour Dynamics in Australia (HILDA) Survey Wave 6 and the 2003 Survey of Disability, Ageing, and Carers (SDAC). Data on survival are derived from the life tables for Australian females.

Health impact is assessed in terms of self reported health status and the number of healthy years expected to live over the remaining working life, that is, through to 65 years of age.

Financial stress is assessed in terms of prospective income accumulated over the remaining working life. Income indicators examined include individual and family

(defined as income unit) income from wages and salaries, government benefits (public transfer), and superannuation.

We recognise that each caring situation is unique and the issues faced by the families are complex. For the purpose of the CFP Women Carers Report, two broad case scenarios for modelling the impact of caring on the lifetime earning capacity of the carer have been identified. The selection of these two scenarios does not suggest that other groups of carers are any less at risk of experiencing the health and economic consequences associated with being a primary carer. These two scenarios have been chosen because they represent a large number of carers:

> Scenario I: Women aged 30 years, with two or more children, who are primary carers caring for their child with a disability.
>
> Scenario II: Women aged 50 years, who are primary carers caring for their male partner with a disability.

To better understand the impact of caring on employment and lifetime earnings, four cases within each of the two scenarios have been modelled. In Scenario 1, carers are divided into four groups based on their level of education and by their partner status. In Scenario 2, carers are divided into four groups based on their education level and employment status.

Key Findings

Impacts of Caring on Health

- Two to four times the proportion of primary carers report their health as being only fair or poor compared with other women of a similar age.
- The impact of caring on the health of the carer increases as the carer ages.
- Women who are primary carers are likely to be in a healthy state for a shorter period of their working life compared to other women in the Australian population – 30 year old primary carers can expect to spend less than 80 per cent of their 35 years of working life in a healthy state compared with 90 per cent for other women. Similarly, 50 year old primary carers can expect to spend only 11 of the 15 years until they turn 65 years of age in a healthy state compared to 13 years for other women.
- Self-reported health status of women is positively associated with household income. Primary carers experience a lower level of general health compared to other women across income quintiles.

Impacts of Caring on Economic Wellbeing

- Over half of female primary carers aged 30 to 64 years are not in the paid labour force compared to less than a third of other women in the same age group.
- Of those women who do work, primary carers spend fewer hours in paid employment than do other women. Only one fifth of female primary carers are in full-time employment compared to nearly two-fifths of other women aged between 30 and 64 years of age.
- Primary carers with post-secondary level education tend to work more hours per week compared to primary carers without post-secondary level education.

Scenario I: Financial impact on women aged 30 years with two or more children, who are primary carers caring for their child with a disability

- The consequence of not being able to participate in paid work is that female primary carers earn considerably less income from wages and salaries over their working life compared to women with similar characteristics but without the caring responsibilities.
- Mothers caring for a child with a disability are likely to earn over their working life - depending on their level of education – between a quarter and half the income of women sharing the same characteristics but who are not primary carers.
- While mothers caring for children with a disability receive more in government benefits than other women, these payments do not compensate fully for the income they forgo from paid work.
- The superannuation likely to be available to 30 year old mothers caring for children with a disability when they reach 65 years of age would be negligible for many and may be insufficient to provide an adequate retirement income for most.

Scenario II: Financial impact on women aged 50 years, who are primary carers caring for their male partner with a disability

- Based on current work and earning patterns, 50 year old women taking on a primary carer role for a partner with a disability and who are able to maintain some paid work would expect to earn approximately 80 per cent of the accumulated income up to age 65 years that would be earned by other women without caring responsibilities.
- For working women aged 50 years caring for a male partner with disability, access to government benefits goes a considerable way but does not totally compensate for the loss of income of becoming a primary carer.

- There is over a two fold difference in the amount of superannuation that a 50 year old woman primary carer of a male partner who is no longer able to work because of her caring role, and who has secondary school qualifications only, can expect to access at 65 years of age compared to women who have post-secondary schooling, who continue to work up to retirement at 65 years of age and who do not have the same caring responsibilities.

Conclusions

In Australia, primary carers are most often women. Two groups of primary carers who represent a large proportion of informal carers are women caring for a child with a disability and women caring for a male partner with a disability. These two groups of women carers pay a high price in terms of their health and financial well-being for taking on a primary carer role. As shown in this study, the impact of being a primary carer is significant and extends to the rest of the primary carer's life - they experience a shorter period of good health over their working years; they are less able to participate in paid employment; receive lower income during their working years; and are less able to invest towards retirement.

As such, government policy addressing how to better support the needs of carers needs to focus on strategies and measures that will: 1) enable carers to maintain good health over their lifetime; 2) reduce financial stress through facilitating greater participation in paid work or increased government financial assistance and income support; and 3) provide carers with a means to contribute to a superannuation scheme that will help provide for them in their retirement.

1 INTRODUCTION

Recognition of the fact that integrated and well coordinated delivery of care in a home-based setting is an efficient and cost-effective model for providing care for the elderly, frail, and those needing long-term care (Hollander 2007; Peters and Sellick, 2006) has resulted in a shift towards home-based care for people with special care needs. This model of care however places a heavy reliance on family members to provide the bulk of required care, and it is now becoming evident that the benefits of such home-based care are achieved at a cost to informal carers.

A review of the literature has identified that "carers have significantly higher levels of depression and stress, and lower levels of general subjective wellbeing than non-carers" (Edwards, 2008). Caring for a spouse or a person with dementia was associated with the highest level of stress and lowest levels of wellbeing (Edwards, 2008). In Australia, it has been demonstrated that carers have the lowest level of collective wellbeing of any group studied, with female carers experiencing lower levels of wellbeing compared to their male counterparts (Cummins, 2007).

Contributing to the high stress levels and low wellbeing is the fact that carers experience a high level of financial stress. "Carers are twice as likely as is normal to worry that their income will not be sufficient to meet their expenses" (Cummins, 2007). Around 30 per cent of families receiving carer benefits experience difficulty in paying utility bills compared to 14.6 per cent of the general population (Edwards, 2008). This is not unexpected given that the average household income of a carer is much less than that of the general population (Cummins, 2007).

There are many factors contributing to carers and their families having low household incomes. The main reason is that taking on an informal carer role has a significant impact on an individual's ability to work. "Primary carers of an adult or a child with a disability have lower rates of employment and labour force participation than those without caring responsibilities of this nature" (Edwards, 2008). Low labour force participation is particularly evident among female carers (Access Economics, 2005). Labour force participation among female carers receiving carer payment and carer allowance are 30.6 per cent and 53.7 per cent respectively (Edwards, 2007), compared to a rate of approximately 57 per cent for women in the Australian population (ABS, 2006a). Just 0.8 per cent of carer payment recipients and 11.4 per cent of carer allowance only recipients work full-time (Table 11.1, Edwards, 2008), in contrast to 28.8 per cent full-time employment rate for Australian women in 2004 (ABS, 2006b).

The impact of taking on an informal carer role on the ability to work is also evident from the fact that almost half of female carers who are currently not in the labour force were working immediately prior to taking on the carer role (Edwards, 2008); over half (58.8 per cent) of employed carers receiving carer payment and 39.3 per cent of those receiving carer allowance have had to give up work at some point or other to fulfil the caring role

(Edwards, 2008); and two thirds (66.7 per cent) of employed female carers receiving carer allowance and 58.8 per cent of employed female carers receiving carer payment have taken leave for caring duties.

Spending all or a significant proportion of one's working years out of the workforce also means that there is no opportunity to invest towards retirement income. Given a significant proportion of household expenditure is displaced to meet the high needs of the dependent person (Jenson and Jacobzone, 2002), there is little opportunity for savings. Without superannuation, carers become dependent on the aged pension provided by the government to support their needs in their retirement years.

1.1 Study objective

This study examines the lifetime health and economic consequences experienced by informal female primary carers in Australia. Comparison in health status and financial well-being over the working-life years is made between female primary carers and other women who have similar characteristics except for the fact that they have no caring responsibilities.

While there is evidence to demonstrate systematic differences between carers and non-carers in household income and labour force participation rates, no efforts have been made to date to adjust for demographic and other factors that are likely to influence carer behaviour in terms of labour force participation. This study, in examining lifetime health and financial stress experienced by carers, adjusts for carer characteristics such as level of education and partner status that influence earning capacity.

1.2 Data and methods

The study involved modelling of the economic and health outcomes over the working life of primary carers and other women using data from two nationally representative datasets.

Data sources

The economic analyses undertaken for this study used data from the 2006 Household, Income and Labour Dynamics in Australia (HILDA) Survey – Wave 6. The HILDA survey consists of Australian residents living in private households, excluding those living in remote and sparsely populated areas (Watson and Wooden, 2001). This data source was chosen because of the availability of individual level and family level data on demographic characteristics, family structure and income, and the ability to identify primary carers and their caring responsibilities.

The HILDA Survey identifies carers by asking the following question:

> Is there anyone in this household, who has a long-term health condition, who is elderly or who has a disability, and for who you care or help on an ongoing basis with any of the types of activities listed on SHOWCARD K7?"

Primary carers are identified by the follow-up question:

> Are you the main carer of [this person /any of these people]? (That is, are you the person who provides most of their care?)

Due to the limited health information available in the HILDA survey, the health indices presented in the CFP Women Carers Report are based on the 2003 Survey of Disability, Ageing, and Carers (SDAC). The SDAC conducted by the Australian Bureau of Statistics sampled people living in private and non-private dwellings in urban and rural locations, excluding remote and sparsely populated locations (ABS, 2005).

Study population

It has been established from previous studies that carers are more likely to be women (ABS, 2004; Edwards, 2007). The high proportion of female informal carers means that women are more likely to 'pay the price' of being a carer (Jenson and Jacobzone, 2002), widening the gender inequity in earning capacity that is well established (Briggs et al, 2006). Female carers also experience lower levels of wellbeing compared to their male counterparts (Cummins, 2007). For these reasons, this study focuses on female informal primary carers. Their health and financial status is tracked up to 65 years of age, which is taken to be the end of working-life for most Australian women.

Box 1 Study population

Women primary carers from 30 to 64 years of age.

Each caring situation is unique, and the issues faced by the families are complex. For the purpose of the CFP Women Carers Report, in discussion with Carers Australia, we have identified two broad case scenarios for modelling the impact of caring on the lifetime earning capacity of the carer. In selecting these two scenarios, there is no suggestion that other groups of carers are any less at risk of experiencing the health and economic consequences of being a primary carer. These two scenarios have been chosen because they represent a large number of carers:

Scenario I: Women aged 30 years, with two or more children, who are primary carers caring for their child with a disability.

Scenario II: Women aged 50 years, who are primary carers caring for their male partner with a disability.

Outcome measures

The consequences of being a primary carer on the carers' health is assessed by examining the proportions of women self reporting poor or fair health, and the number of healthy years an average carer can expect to live over her remaining working life. These measures for carers are compared with those of other women of similar characteristics who are not primary carers.

Financial stress is assessed by examining the differences between primary carers and other women of similar characteristics who are not primary carers, in terms of cumulative income earned over the remaining working life, that is, through to 65 years of age. Both individual and family (defined as income unit) income is calculated. Also examined is the difference in the value of superannuation that is likely to be available at 65 years of age.

The methods used to calculate these outcome measures are described in more detail in the Technical Notes provided in Appendix A.

1.3 Report structure

To begin with, the CFP Women Carers Report briefly profiles all primary carers in Australia followed by a more detailed description of female primary carers in terms of their demographic characteristics, persons being cared for, self-reported health status, and labour force participation. This is followed by presentation of the analyses on the impact of caring on the lifetime earnings, focusing specifically on the two groups of carers identified above, and comparing them to their non-carer equivalents in the general population.

2 A brief profile of carers

There were approximately 632 694 primary carers aged 15 years or older in Australia in the year 2006 (Table 2-1). Nearly 70 per cent of primary carers were aged between 30 and 64 years.

Women and the elderly are over-represented in the carer population with over 60 per cent of informal primary carers being women compared to 50 per cent women in the rest of the population; over a quarter of primary carers are aged 65 years or older compared to just under 15 per cent of the non-primary carers (Table 2-1).

Table 2-1 Age-sex distribution of primary carers and other persons

Primary	carers (per cent)	Other persons[a] (per cent)
Gender		
Male 36.1		50.0
Female 63.9		50.0
Age (years)		
15-19 0.6		9.4
20-24 1.4		8.8
25-29 3.2		8.3
30-34 5.3		9.4
35-39 6.8		9.2
40-44 10.1		9.5
45-49 11		9.1
50-54 10.7		8.1
55-59 14.1		7.7
60-64 9.0		5.8
65+ 27.8		14.9
Estimated population (number)	632,694	15,559,028

a Including non-primary carers

Source: Computed from HILDA Wave 6

More than 50 per cent of primary carers provide care for their spouse/partner, with a child (young or adult) being the second most frequent relative being cared for (Table 2-2). Nearly one in five of primary carers are caring for one or more parent.

Table 2-2 Person being cared for by primary carers

Per	cent[a]
Spouse / partner	54.1
Parent	19.3
Young child	11.9
Adult child	10.2
Other	6.4

a Total exceed 100 per cent because of individuals being the primary carer for more than one person.

Source: Computed from HILDA Wave 6 data file.

3 HEALTH AND WELLBEING OF FEMALE CARERS

The remainder of the CFP Women Carers Report focuses on women primary carers aged 30 to 64 years comparing them with other women of the same age bracket.

Data from the 2003 Survey of Disability, Ageing and Carers (SDAC) show that women primary carers are more likely to rate their general health as being fair or poor compared to women who are not primary carers. The relative impact of caring on self-reported

health appears to be greater among those who are below 50 years of age (Table 3-1), with there being almost four times the number of primary carers in this age group rating their health as being fair or poor compared to the rest of the female population of a similar age (18 per cent versus 4 per cent). The 2003 SDAC data show that over one in four carer women aged 50 to 64 years report having fair or poor health. This is more than double that for other women reporting fair or poor health (26 per cent versus 12 per cent).

Table 3-1 Per cent reporting fair or poor general health, females 30-64 years, 2003

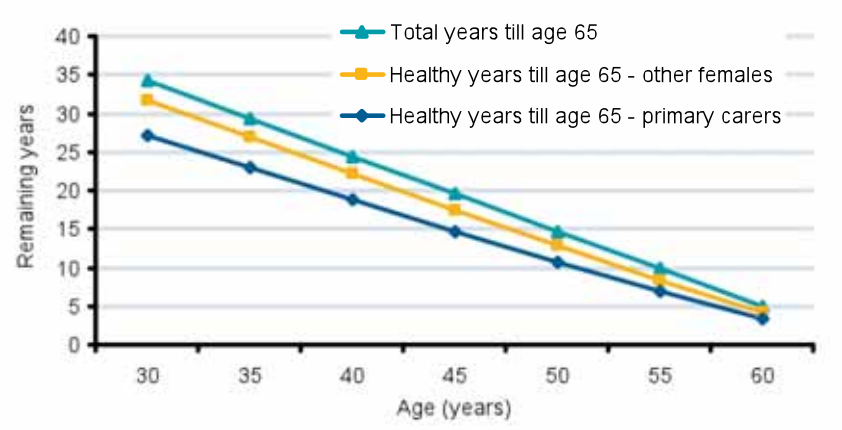
Age	Primary carers	Other females
30-49	18	4
50-64	26	12

Source: 2003 SDAC data file.

Figure 3.1 presents the estimated total number of years and healthy years that Australian women can expect to live. As we are considering women of working age, the estimates only extend up to 65 years of age. These estimates are based on the life tables for Australian women for the year 2003 (Human Mortality Database, 2008) and the age-specific proportion of people in poor/fair health status derived form the 2003 SDAC.

Assuming current age-specific patterns of health prevail, 30 year old women who are not primary carers have, on average, 32 years of healthy life ahead of them before they turn 65 years old (Figure 3.1). In contrast, 30 year old women who are primary carers can expect to have only 27 years of healthy life until the age of 65 years. Likewise, at age 50, primary carers would expect 11 healthy years until they are 65 years old, two years shorter than that for other women (11 years versus 13 years).

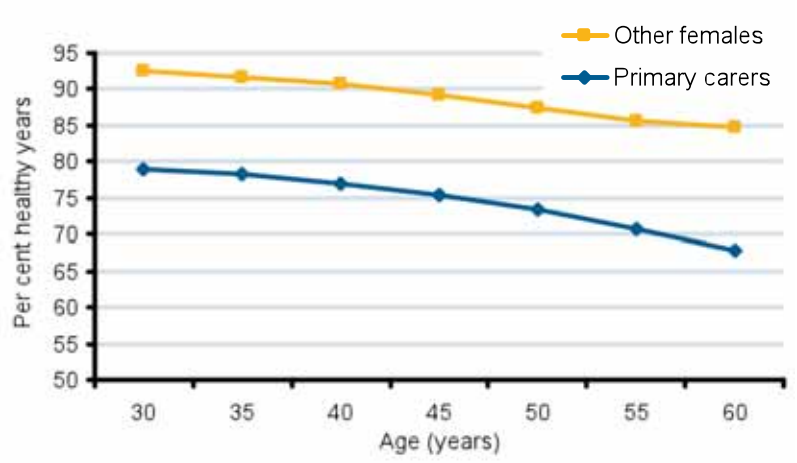
Figure 3.1 Total years and healthy years expected to be lived through to age 65, 2003



Source: Estimated by using data from the 2003 SDAC data file and 2003 Australian female life table.

On average, primary carers aged 30 years would expect less than 80 per cent of their life up to 65 years of age to be healthy while the other women would expect more than 90 per cent of their working life to be in healthy state (Figure 3.2). As individuals age, the impact of caring on health becomes more pronounced. For example, at 50 years of age, primary carers would expect to live 73 per cent of the next ten years in a good state of health compared with 88 per cent for other women.

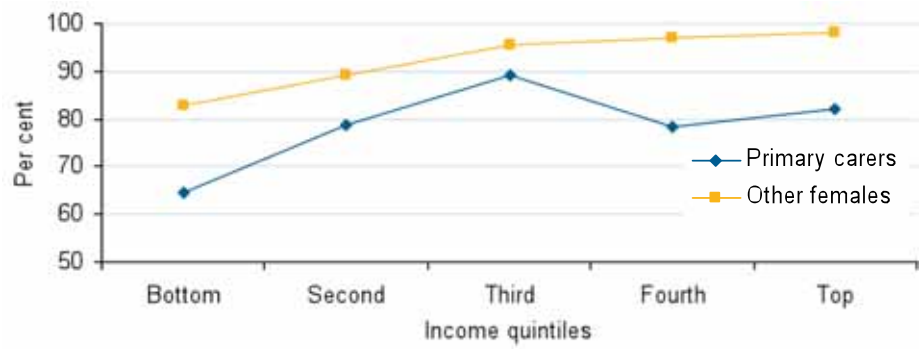
Figure 3.2 Per cent of remaining life through to age 65 expected to be healthy, 2003



Source: Calculated from data presented in Figure 3.1.

Having found that primary carers, compared to other females, are less likely to self-report good health status, the association between self-reported health status and income is explored. Drawing on data from the 2003 SDAC, Figure 3.3 shows a trend towards increasing proportion of women reporting good or excellent health with increasing levels of household income (standardised for household size and composition). However, across the income gradient, the proportion reporting good or excellent health is smaller among primary carers compared to other women. For example, among those in the bottom quintile of household income, approximately 65 per cent of primary carers rated their general health being good or excellent compared to 83 per cent of other women. At the top quintile, 82 per cent of primary carers report good or excellent health compared to 98 per cent of other women. While no causative relationship can be inferred from this cross-sectional analysis, an association between household income and self-reported health is suggested with primary carers experiencing lower levels of self-reported health status compared to other women across all income quintiles.

Figure 3.3 Per cent reporting good or excellent health by household income quintiles, 2003



Note: Income quintiles were derived from the household level total weekly equivalised cash income deciles. Equivalised household income is total household income adjusted by the size and composition of the households to reflect the fact that a larger household need a higher level of income to achieve the same standard of living as a smaller household.
Source: 2003 SDAC data file.

Box 2 Not living so well

Two to four times the proportion of women primary carer report their health as being only fair or poor compared with other women of a similar age.

The impact of caring on the health of the carers increases with their age.

Women primary carers are likely to be in a healthy state for a shorter period of their life than other women.

Self-reported health status is positively associated with household income. Primary carers experience lower levels of self-reported health status compared to other women across income quintiles.

4 THE IMPACT OF CARING ON EMPLOYMENT AND EARNING – CASE STUDIES

Recall that the study focuses upon two categories of carers – mothers of children with a disability and female partners of men with a disability. The study then considered four cases within each of the two scenarios in order to model the impact of taking on an informal primary carer role on employment and lifetime earnings. As described in Section 1.2, the scenarios are limited to women carers because the majority of informal carers are women, and because of the gender inequity that already exists in the workforce with women continuing to earn below their male counterparts. In each of these scenarios, we examine four case studies, as follows:

Scenario I: Women aged 30 years, with two or more children, who are primary carers caring for their child with a disability.

- Case 1.1: Solo mum with less than or equal to secondary level education
- Case 1.2: Solo mum with post-secondary education
- Case 1.3: Partnered mum with less than or equal to secondary level education
- Case 1.4: Partnered mum with post-secondary education

Scenario II: Women aged 50 years, who are primary carers caring for their male partner with a disability.

- Case 2.1 Non-working carer with less than or equal to secondary level education
- Case 2.2 Non-working carer with post secondary education
- Case 2.3 Working carer with less than or equal to secondary level education
- Case 2.4 Working carer with post secondary education

The first scenario presents the economic prospect of carers aged 30 years, using information on women aged 30 to 64 years. The second scenario describes the prospect of carers aged 50 years drawing on the information on women between 50 and 64 years. The first scenario highlights the complex issues of caring for a child with a disability. Twenty two per cent of primary carers identify a child as the person being cared for, accounting for the second most frequent relationship to carer recipient (Table 2-2). The mother taking on the primary carer role often forgoes education and employment opportunities to care for the child, spanning across much of her potential working life. In addition, there are significant costs associated with providing for the high level of health needs and purchase of specialised equipment to assist in the care of the dependent child. The end result is that the carer may not be able to make any investments towards retirement benefits. The scenarios have been examined by partner status based on the evidence that sole parents have been found to be the worst-off in terms of well-being (Cummins, 2007).

The second scenario highlights the issues faced by a woman who is approaching retirement age, and takes on the role of primary carer for a spouse while being the only able-bodied adult in the household. Consequently, this scenario highlights the likely impact on household income. This group represents the majority of primary carers in Australia, with over half of all primary carers reporting partner or spouse as the person being cared for (Table 2-2).

In both scenarios, education level of the female carer has been looked at separately in order to control for systematic differences that education has on labour force participation and earning capacity. In addition, in the first scenario, recognising the need (when examining the financial impact on the household), to distinguish between "households in which the carer is the only able bodied working-age adult and those in which there are

other able-bodied adults" (Edwards, 2008), we have examined separately the two cases where the female carer is a sole or a partnered parent. The second scenario of a woman caring for a spouse, by default, implies that the primary carer is the only able-bodied adult person in the household.

The income estimates are presented in terms of cumulative earning over the remaining working life. These estimates indicate how much an average woman in a given category would be expected to earn over her working life if she follows the prevailing age-specific income schedule. These data are adjusted for mortality using age-specific survival rates derived from the life tables for Australian females 2004-06. The income estimates are expressed in terms of 2006 dollars and no discounting has been applied. The methods used to derive these income measures are documented in the Technical Notes (See Appendix A).

5 LABOUR FORCE PARTICIPATION AND EARNING OPPORUNITIES

A study conducted in Australia has reported that over half (58 per cent) of carers report that they provide more than 100 hours of care per week when caring for a person with a disability (Edwards, 2008). It is therefore not unexpected that carers are less able to participate in the paid labour force compared to women without such caring responsibilities. This is clearly evident from Table 5-1 showing that among women aged 30 to 64 years, over half (55 per cent) of primary carers are not in the labour force compared to less than a third (30 per cent) of other women in the same age group; and only one-fifth (19 per cent) of primary carers are in full-time employment compared to nearly two-fifths (37 per cent) of other women in the same age group. In general, primary carers work less hours compared to other women, whether it is in full-time or part-time employment.

Table 5-1 Participation in full time and part time employment and average hours worked, females 30-64 years, 2006

Primary	carers	Other females
Percentage not in labour force	55%	32%
Percentage employed part time	24%	30%
Average hours worked per week	15 hours	18 hours
(Median hours	12 hours	20 hours)
Percentage employed full time	19%	37%
Average hours worked per week	40 hours	40 hours
(Median hours	38 hours	40 hours)
Percentage unemployed	2%	2%

Source: HILDA wave 6 data file.

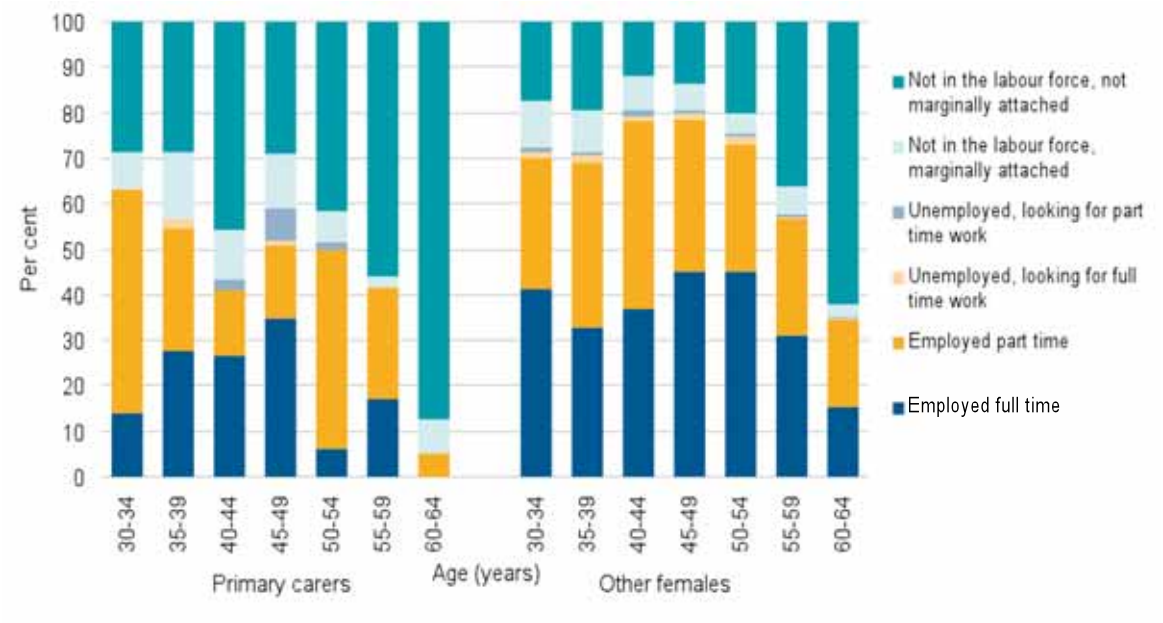
When examined in more detail by age group, it is clear that labour force participation varies substantially by age. Figure 5.1 shows that across all age groups, the proportion of female primary carers in full-time employment is less than for other women of the same age group. Among primary carers, the proportion of women aged 30 to 34 years in full-time employment is just above 10 per cent, increasing to the high 20 per cent for women in their mid to late thirties and early forties, peaking at over 30 per cent among carers in the late forties, followed by a decline for primary carers in their fifties. The HILDA data suggests there are no female primary carers in their sixties who are employed full-time. While other women aged 30 to 64 years show a similar distribution, there are some differences; the proportion of women in full-time employment is higher than their caring counterparts across all age groups, there is a much higher proportion of other women in full-time employment in the 30 to 34 years age group, the peak in proportion of women in full-time employment continues into the early fifties (in contrast to the sharp drop that is seen with primary carers), and over 10 per cent of other women in their early sixties continue working full-time in contrast to no primary carers in this age range working full-time.

It is also evident from Figure 5.1 that there is a higher proportion of other women across all age groups (except for the 30 to 34 years age group) who are in part-time employment; while the proportion of women who are not in the labour force and are not looking for work (that is, not marginally attached) is much greater among primary carers of all age groups.

The fluctuation in employment pattern across the ages is reflected in the age pattern of average hours per week spent in paid employment. Figure 5.2 shows that, primary carers work fewer hours per week in paid employment than do other women, across all age groups. On average, primary carers aged 30 to 64 year work about 11 hours per week compared to about 20 hours per week worked by other women. Primary carers and other women in their late forties work the most number of hours per week, but consistent with

findings so far, primary carers spend less number of hours in paid employment than do other women of the same age group in their late forties work (16 hours compared to 25 hours). The decline in employment in the late thirties and a rise in the late forties is consistent with the trends observed in labour force participation rates of women attributed to childbearing and childrearing.

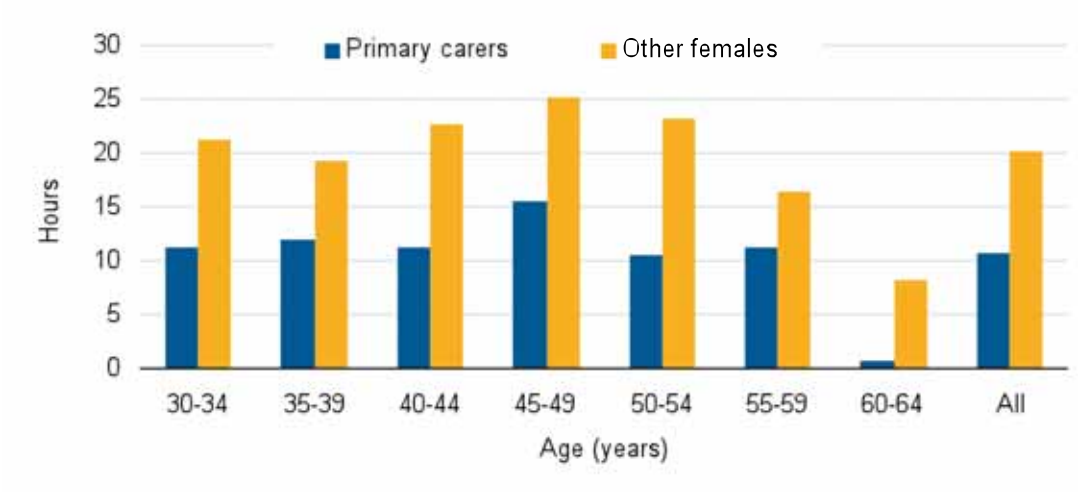
Figure 5.1 Age pattern of labour force status, females 30-64 years, 2006



Source: Derived from HILDA wave 6 data file.

Note: The HILDA survey uses the standard ABS definition of marginally attached in referring to persons who are not employed, are actively looking for work and want to work but are not available to start work within the reference period (four weeks in HILDA), thus distinguishing them from unemployed persons. Not marginally attached refers to persons who are not in the labour force in the reference week, and did not want to work for reasons including attending an educational institution, home duties/childcare, retired/inactive, or other.

Figure 5.2 Average hours worked per week, females 30-64 years, 2006

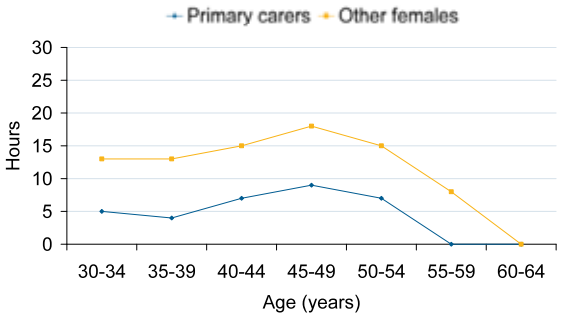


Note: denominator includes all persons in the given category.
Source: Derived from HILDA Wave 6 data file.

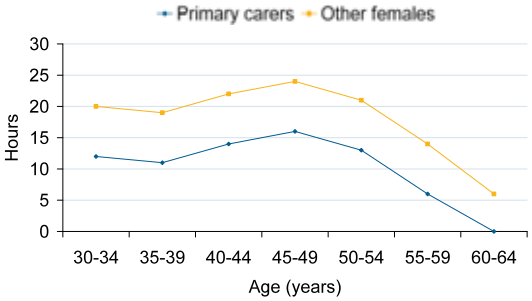
Figure 5.3 presents the estimated average number of work hours for the various case study categories described in the preceding section. The findings provide further confirmation of the fact that primary carers work fewer hours than do other women across all ages. Our model goes further to show that mothers who are primary carers of a child with a disability work the same number of hours irrespective of whether they are single or partnered. Level of education, however, appears to impact on the number of hours worked, with those who have post-secondary level education tending to work more number of hours per week than those whose highest level of education is less than or equal to secondary school.

Figure 5.3 Model estimates of average hours worked per week, 2006

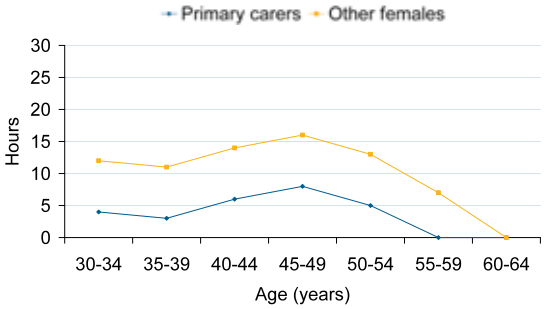
Solo mum, secondary education



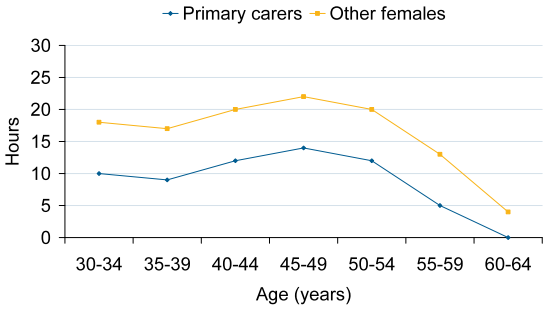
Solo mum, post-secondary education



Partnered mum, secondary education



Partnered mum, post-secondary education



Note: Hours in paid job and received income.
Source: Model estimates using HILDA wave 6 data file.

Box 3 Hard to find time for paid employment

Majority of female primary carers aged 30 to 64 years are out of the paid labour force.

Primary carers spend fewer hours in paid jobs than do other women.

6 FINANCIAL STRESS EXPERIENCED BY MOTHERS WHO ARE PRIMARY CARERS CARING FOR A CHILD WITH A DISABILITY

The consequence of not being able to participate in paid employment is that primary carers earn less income over their working years compared to other women of similar

demographic characteristics. The lost income is compensated to some extent by government benefits paid to carers. In this section, we look at the individual and family level income received from wages and salaries and government benefits, as well as an individual's ability to invest in superannuation funds. We focus on the four case studies of women who have two or more children and providing care for a child with a disability. Income estimates are compared with similar women who do not have the caring responsibilities.

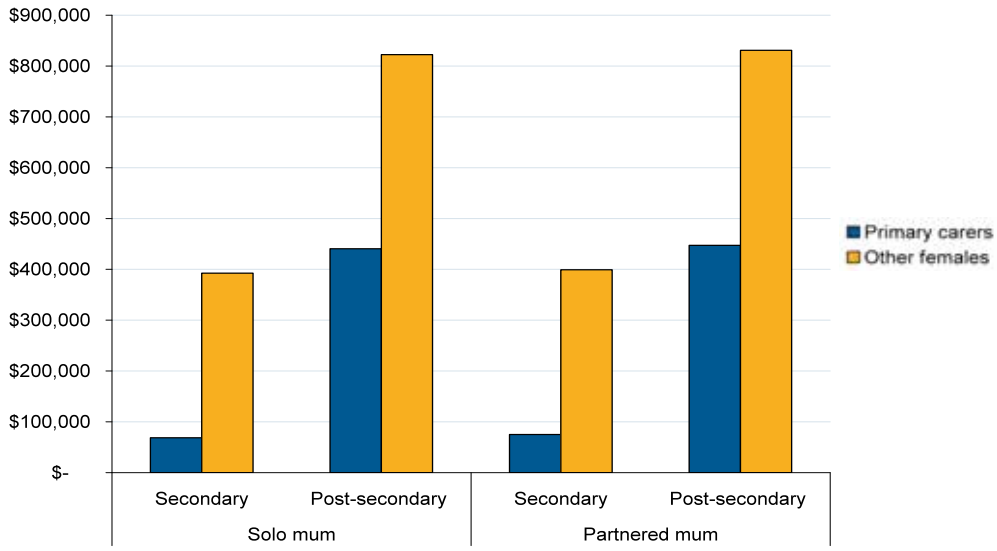
6.1 INDIVIDUAL INCOME FROM WAGES AND SALARIES

Figure 6.1 presents individual income from wages and salaries cumulated over the working life of an average 30 year old woman with two or more children providing care to her child with a disability. The results reflect the differences between primary carers and other women that were seen in the number of hours worked:

- primary carers earn less over their working life compared to their equals who are not primary carers;
- there is very little influence from whether they are partnered or not;
- level of education makes a difference on the earnings expected to be received from wages and salaries over their working years.

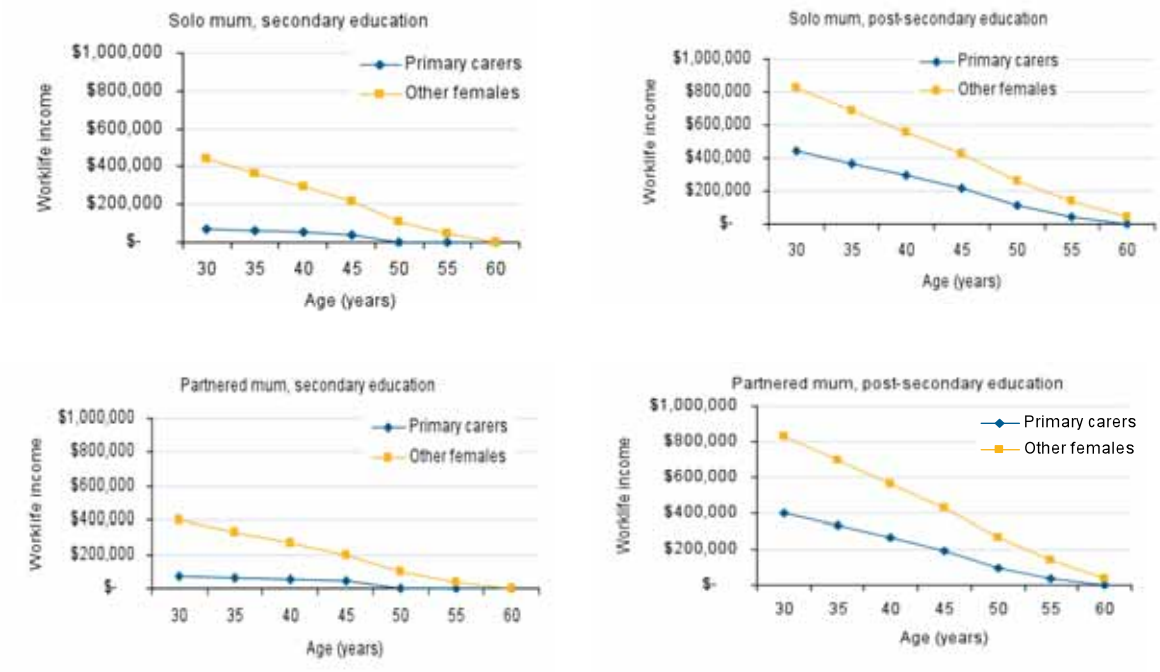
Women aged 30 years, with two or more children, caring for a child with a disability and whose highest level of education is less than or equal to completion of secondary school are expected to earn less than $100 000 (2006 dollars) over their working life. Women sharing the same characteristics but without the primary caring responsibility will earn four times that amount over their working life. While women with post-secondary level education also show a difference in individual income earned over their working life, the difference between primary carers and other women is double (about $400 000 vs. $800 000) as opposed to the four fold difference observed with those with lower levels of education. The fact that they are partnered or solo makes little difference to women's individual earnings over their working life, irrespective of whether or not they are carers.

Figure 6.1 Gross individual income over the working life from wages and salaries for 30-year old women with two or more children – primary carers of a child a disability versus other females, 2006



Source: Model estimates using HILDA Wave 6 data file.

Figure 6.2 Gross individual income from wages and salaries of mothers with two or more children – primary carers of a child with a disability versus other females



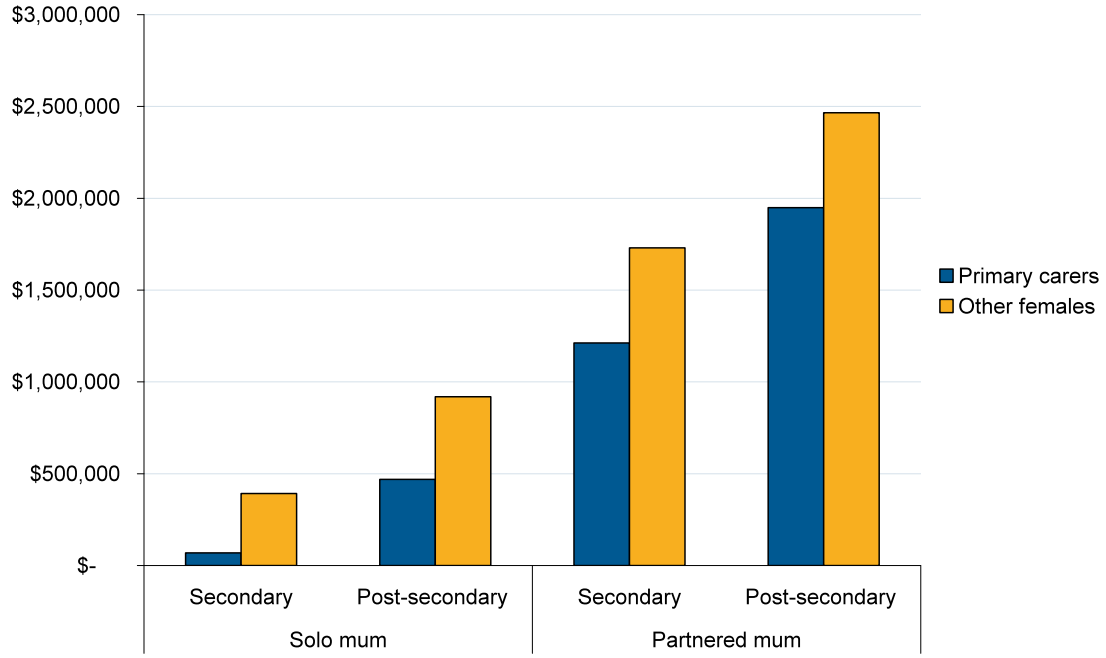
Source: Model estimates using HILDA Wave 6 data file.

6.2 FAMILY LEVEL INCOME FROM WAGES AND SALARIES

This section examines the family level income received from wages and salaries over the working life of 30 year old women with two or more children, comparing primary carers of a child with a disability with similar women who do not have the primary care role. This takes into account the income of partners and any contributions that older dependent children may have brought into the household. Hence, for solo mums there is very little difference between individual and family income from wages and salaries.

It is evident from Figure 6.3 that family incomes for carers in this category are about $500 000 less over the mother's working life compared to their counterparts who do not have caring responsibilities. Irrespective of being a carer or not, families with higher levels of education earn more than those with no more than secondary level education.

Figure 6.3 Family unit level income earned from wages and salaries over the working life of 30 years old mothers with two or more children - primary carers of a child with a disability versus other females



6.3 GOVERNMENT BENEFITS

The Australian Government, through its agency Centrelink, provides assistance to individuals and families to "become self sufficient and to support those in need."[1] Financial assistance provided to carers is in the form of a means tested carer payment paid to those who are unable to participate in the labour force due to their caring role,

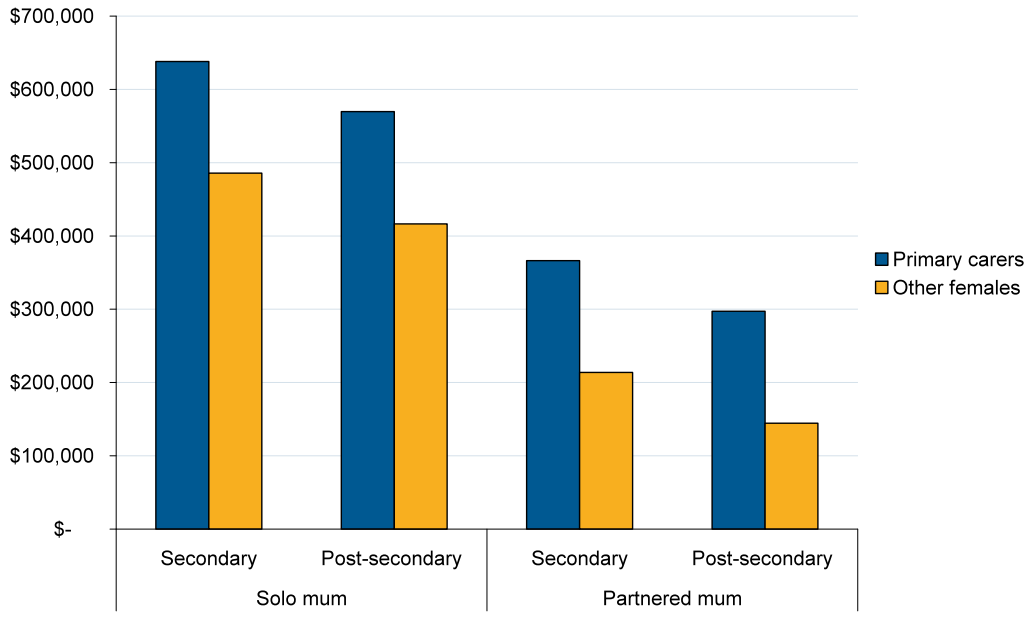
[1] Source: Centrelink website. http://www.centrelink.gov.au/internet/internet.nsf/about_us/index.htm

and/or a carer allowance that is not means tested and is paid to those caring for people with special needs.

This section examines the amount of government benefits received that include all payments made by Centrelink to support individuals and families. The individual level benefits include all pensions, allowances and assistance that the individual received from the Government, while the family level benefits include all pensions, allowances and assistance received by all members of the family unit.

Figure 6.4 shows as expected that among 30 year old mothers, solo mothers, irrespective of whether they are primary carers or not, receive over their working lifetime, greater benefits from the government compared to their partnered counterparts. It is also evident that mothers with post-secondary education receive less government benefits over their working life compared to those with lower levels of education, reflecting the higher incomes earned in general, by those with post-secondary level education. Reflecting the purpose of government benefits, primary carers are estimated to receive about $150 000 more in government benefits over their working life compared to other 30-year old mothers with two or more children without the same caring responsibility.

Figure 6.4 Government benefits received by an individual over the working life of 30-year old mothers with two or more children – primary carers of a child with a disability versus other females, 2006



Source: Model estimates using HILDA Wave 6 data file.

6.4 INCOME FROM ALL SOURCES

Table 6-1 summarises incomes received at an individual and family level over the working life of 30 year old women with two or more children, comparing primary carers with women of similar characteristics but without the same caring responsibilities. This Table clearly shows that those with primary care responsibilities are significantly disadvantaged in their ability to earn an income from wages and salaries. The impact of caring on ability to earn a wage or salary is greatest for women whose highest level of education is less than or equal to secondary school, earning less than one fifth of income earned by other women with similar characteristics but without the caring responsibilities. In dollar terms, those with post-secondary education experience a bigger loss. The disadvantage experienced by primary carers is counteracted to some extent in the case of partnered carers by the wages and salaries brought in by their partners, as seen when the total income from wages and salaries is considered at a family unit level. Nevertheless family income still remains significantly below that for families who do not have a child with a disability. These results indicate that the income of the male partner – who often is the secondary carer – is also substantially reduced.

As expected, primary carers get more government support however, when income earned from all sources (that is wages and salaries and government benefits) is examined, it is clearly evident that 30 year old women who are primary carers with two or more children will receive less individual level income over their working life compared to their counterparts without caring responsibilities (Table 6-1).

If income from wages and salaries are considered at a family unit level but still only taking into account government benefits paid to the mother, primary carers are still between $171 000 and $365 000 (2006 dollars) short of the income received by their non-caring counterparts over the remainder of the working life. As expected, it is the partnered mothers that show a difference when family unit income from wages and salaries are added, as 30 year old solo mothers are unlikely to have other members in the family who will be of working age. Partnered mothers who are primary carers miss out on approximately $365 000 (2006 dollars) of income over their remaining working life compared to their non-primary caring counterparts. This converts to about $10 700 per annum (2006 dollars).

Table 6-1 Income expected to be received from various sources over the working life of 30 year old mothers with two or more children – primary carers of a child with a disability versus other females, 2006

		Primary carers ($)	Other females ($)	Difference ($)	Ratio[a]
Individual income from wage and salaries					
Solo mum	Secondary	68,600	392,600	-324,000	0.17
	Post-secondary	440,700	822,600	-381,900	0.54
Partnered mum	Secondary	75,000	399,100	-324,100	0.19
	Post-secondary	447,200	831,100	-383,900	0.54
Family income from wage and salary					
Solo mum	Secondary	68,600	392,100	-323,500	0.17
	Post-secondary	469,100	919,000	-449,900	0.51
Partnered mum	Secondary	1,212,300	1,730,000	-517,700	0.70
	Post-secondary	1,948,500	2,465,900	-517,400	0.79
Government benefits (person level)					
Solo mum	Secondary	638,000	485,700	152,300	1.31
	Post-secondary	569,600	416,500	153,100	1.37
Partnered mum	Secondary	366,300	213,800	152,500	1.71
	Post-secondary	297,200	144,600	152,600	2.06
Total income received from wages and salaries and government benefits paid to the individual					
Solo mum	Secondary	706,600	878,300	-171,700	0.8
Post-secondary		1,010,300	1,239,100	-228,800	0.8
Partnered mum	Secondary	441,300	612,900	-171,600	0.7
Post-secondary		744,400	975,700	-231,300	0.8
Total income received from family income from wages and salaries and government benefits paid to individual					
Solo mum	Secondary	706,600	877,800	-171,200	0.8
Post-secondary		1,038,700	1,335,500	-296,800	0.8
Partnered mum	Secondary	1,578,600	1,943,800	-365,200	0.8
Post-secondary		2,245,700	2,610,500	-364,800	0.9

Note: [a] Amounts for primary carers (column 1) divided by the amounts for the other females (column 2).
Source: Model estimates using HILDA Wave 6 data file.

Box 4 A high price to pay for being a primary carer of a child with a disability

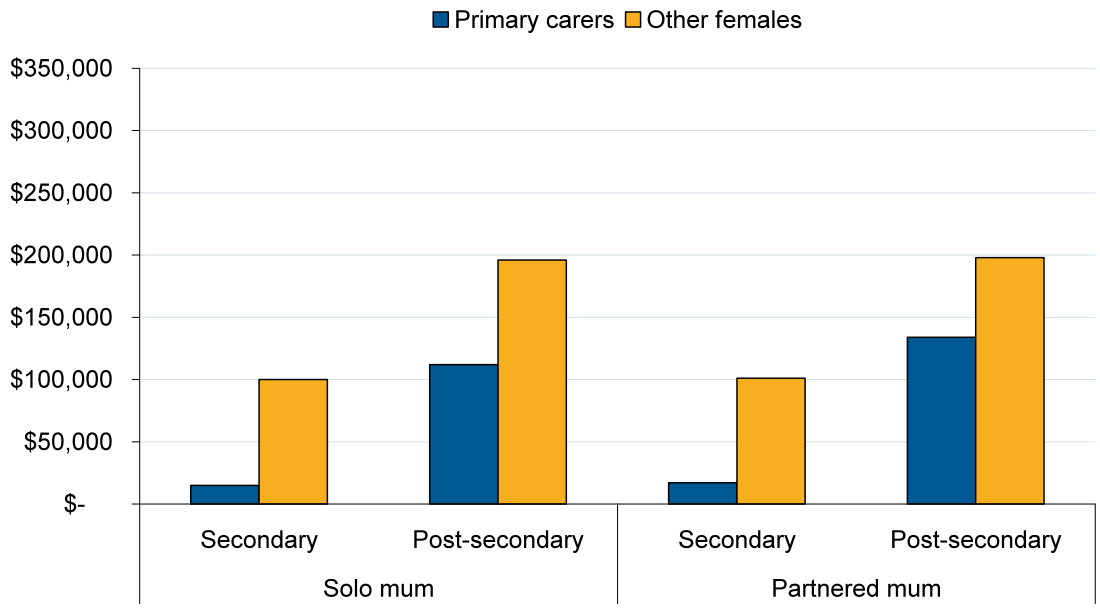
While mothers who are primary carers of a child with a disability are likely to earn over their working life - depending on their level of education – between a quarter and half the income of women sharing the same characteristics but who are not primary carers.

While mothers who are primary carers of a child with a disability receive more in government benefits than other women, these payments do not compensate fully for the income they forgo from paid work.

6.5 SUPERANNUATION

The consequences of forgone income extend beyond the immediate ability of families to meet expenses. Inability to participate in the paid labour force and earn an income also means that primary carers are not able to contribute to superannuation schemes that invest towards retirement income. This fact is clearly evident from Figure 6.5 that examines the amount of superannuation mothers in their early thirties might expect to have when they become 65 years old. Mothers with an education level no higher than secondary school, who are not in a primary carer role, are estimated to have approximately $100 000 of superannuation in 2006 dollar terms when they turn 65 years. In today's world, even this amount of superannuation funds is not regarded as being sufficient to meet the needs of individuals during their retirement years. In contrast to this relatively small amount, those with primary care responsibilities are expected to have less than $25 000 in their superannuation account when they reach 65 years of age. As these are superannuation funds accumulated on the individual's income, it is not unexpected that there isn't much of a difference between carers who are solo or partnered mothers. Post-secondary level education virtually quadruples the superannuation available to 30 year old carer mothers when they reach 65 years of age. However, taking on a primary carer role reduces expected superannuation, on average, by about $75 000 to $80 000 over the working life of a 30 year old mother.

Figure 6.5 Prospective personal superannuation at age 65 to mothers currently aged 30-34 years - primary carers of a child with a disability versus other females, 2006



Notes: Superannuation was calculated by assuming 9 per cent super contribution and 5 per cent return rate. Mortality has not been adjusted in these calculations. Figures are rounded to nearest thousand.
Source: Model estimates using HILDA Wave 6 data file.

Box 5 No money for old age when caring for a child with a disability

The superannuation likely to be available to 30 year old women who are primary carers caring for a child with a disability when they reach 65 years of age will be negligible for many and insufficient to provide an adequate retirement income for most.

7 FINANCIAL STRESS EXPERIENCED BY WOMEN WHO ARE PRIMARY CARERS CARING FOR A PARTNER WITH A DISABILITY

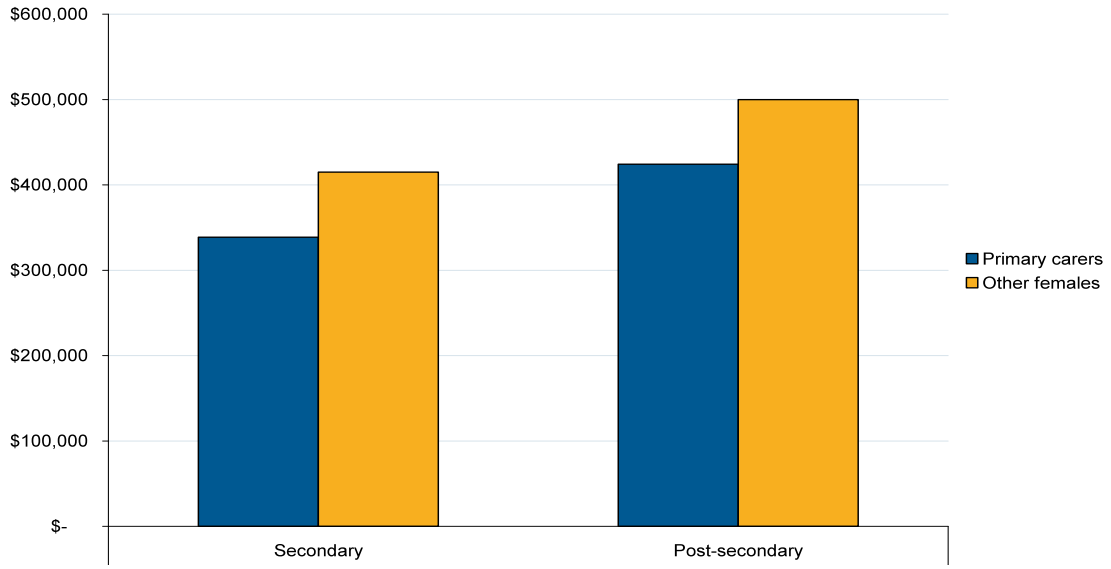
The previous section (Section 6) examined the financial stress experienced over the working life of 30 year old women taking on a primary carer role for a child with a disability. In this section, we look at the financial stress associated with the second scenario – that is, women aged 50 years becoming a primary carer for a partner with a disability.

As with the previous scenario, we examine individual level income from wages and salaries, government benefits and superannuation prospects over the remaining working life (that is, the 15 years until she reaches the age of 65 years). Comparison is made between primary carers and other women. Family level income derived from wages and salaries is not calculated in this scenario since it is assumed that the spouse with a disability has had to leave work.

7.1 INDIVIDUAL INCOME FROM WAGES AND SALARIES

Figure 7.1 presents the cumulative individual income earned from wages and salaries for a 50 year old carer who is able to remain at least part-time within the labour force over her remaining working life (estimated at age 50 up to age 64 years). Based on current work patterns, a primary carer looking after a partner with a disability would expect to earn approximately 80 per cent of the income that would be earned by women that have the same characteristics but without the caring responsibilities, resulting in a deficit of approximately $85 000 (2006 dollars) over the remaining working life. This difference between primary carers and others is evident across both education levels.

Figure 7.1 Gross individual income from wages and salaries over the remaining working life of 50-year old working females – primary carers of a partner with a disability versus other females, 2006



Note: An insignificant amount of income for non-working females could be due to reporting error or their involvement in paid job outside the reference period.
Source: Model estimates using HILDA Wave 6 data file.

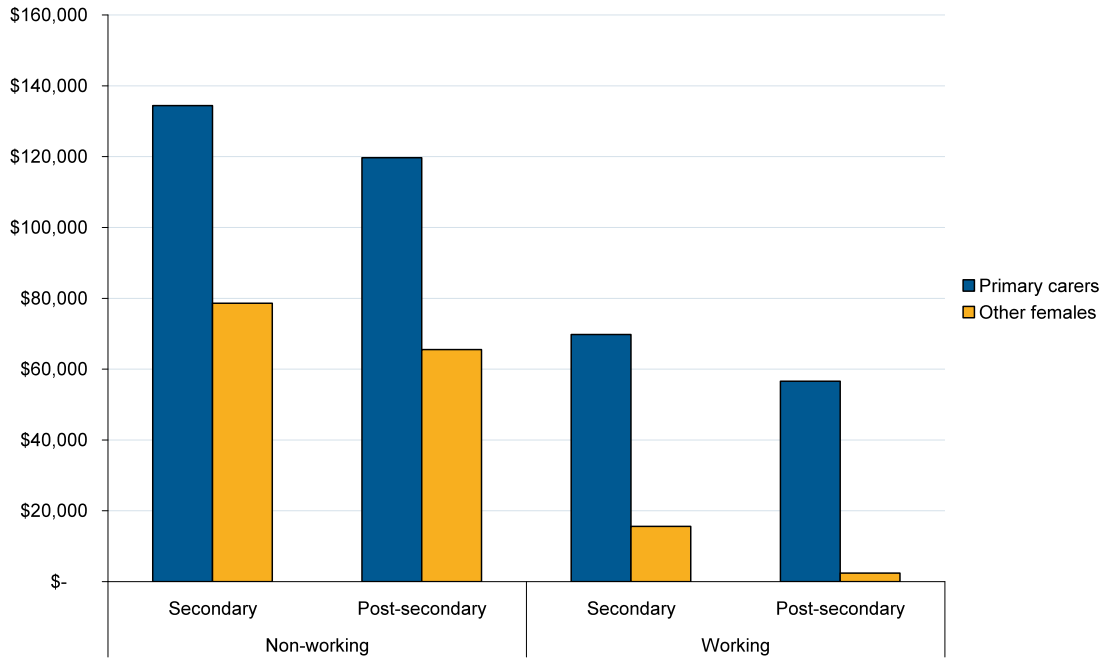
7.2 GOVERNMENT BENEFITS

As expected, non-working persons receive more government benefits compared to those who are working; and those with higher level of education receive less government

benefits as a consequence of higher wages and salaries received from paid employment (Figure 7.2).

In terms of the difference between primary carers and others, a woman who starts caring at age 50 years for a partner with disability is expected to get somewhere between $50 000 and $60 000 (2006 dollars) more in government benefits over their remaining work life compared to other women of similar characteristics. Non-working carers get the highest level of benefits, but the difference between the amount of benefits received by primary carers and others is greatest among those who are working, possibly because, even though there are some primary carers who are in the paid workforce, on average, they work less number of hours compared to similar women who do not have caring responsibility. In general, 50 year old women who continue working while being the primary carer for a male partner receive about half the government benefits received by a non-working primary carer.

Figure 7.2 Government benefit expected to be received by an individual over the remaining working life of 50-year old females – primary carers of a partner with a disability versus other females, 2006



Source: Model estimates using HILDA Wave 6 data file.

Table 7-1 Income from various sources over the remaining working life of 50 year female – primary carers of a partner with a disability versus other females, 2006

		Primary carers ($)	Other females ($)	Difference ($)	Ratio (carer to other)
Individual income from wage and salaries					
Non-working	Secondary	-	-	-	-
	Post-secondary	-	-	-	-
Working Secondary		338,700	415,000	-76,300	0.8
Post-secondary		424,300	500,000	-75,700	0.8
Government benefits					
Non-working Secondary		134,400	78,600	55,800	1.7
Post-secondary		119,700	65,500	54,200	1.8
Working Secondary		69,800	15,600	54,200	4.5
Post-secondary		56,600	2,400	54,200	23.6
Total income – wages and salaries plus government benefits					
Non-working Secondary		134,400	78,600	55.800	1.7
Post-secondary		119,700	65,500	54,200	1.8
Working	Secondary	408,500	430,600	-22,100	0.9
Post-secondary		480,900	502,400	-21,500	0.96

Source: Model estimates using HILDA Wave 6 data file.

When considering total income earned from wages and salaries and from government benefits for 50 year old women over the remaining working life, it appears that non-working women taking on a primary carer role for a partner with a disability are compensated to some extent for the caring role that they take on by the government benefits they receive (Table 7-1). Working women aged 50 taking on a primary carer role for their partner are disadvantaged in terms of the income that they can earn over the remainder of their working life, with a reduction of about $22 000 (2006 dollars) or approximately five per cent of possible earnings over the 15 years of remaining working life ahead of them. This comparison does not take in to consideration the impact of superannuation and therefore the investment towards retirement, which is the focus of the following section.

Box 6 A high price for being a primary carer of male partner with a disability

Women who are aged 50 years old taking on a primary carer role for a partner with a disability and who are able to maintain some paid work would expect to earn approximately 80 per cent of the accumulated income that would be earned by other women without carer responsibilities.

Access to government benefits for this group of carers goes a considerable way in compensating for loss of income through caring roles.

7.3 SUPERANNUATION

This section examines the value of superannuation likely to be available at the age of 65 years to women currently aged 50 to 54 years taking on a primary care role, compared to the value available to women in the similar age group but who do not have the caring responsibility. Superannuation available at 65 years of age is made up of funds accumulated up to when the caring role commences (at 50 years of age) and any contributions that can be made through employment up to 65 years or if the carer leaves paid work, any investment returns from their superannuation funds at 50 years of age (assuming that they will only access this when they reach 65 years of age).

Based on an analysis of the HILDA data, it is estimated that, on average, women aged 45 to 49 years with less than or equal to secondary level education will have accumulated approximately $47 000 in superannuation, while those with secondary level education will have accumulated approximately $82 000 (2006 dollars). These figures provide the basis for projecting the superannuation value available at 65 years of age (see Technical Notes).

Table 7-2 Prospective superannuation available at age 65 years to women currently aged 50 years - primary carers of a partner with disability versus others females, 2006

	Non-working		Working	
	Primary carers	Other females	Primary carer	Other females
Secondary	110,000	110,000	149,000	157,000
Post-secondary	193,000	193,000	241,000	249,000

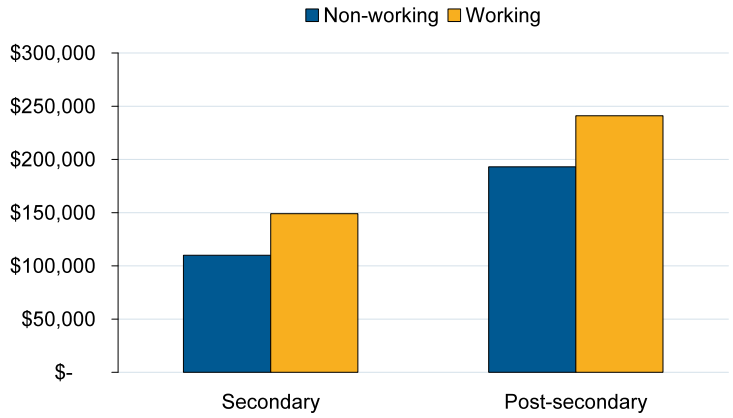
Source: Model estimates using HILDA Wave 6 data file.

Table 7-2 shows that among non-working women aged 50 years, there is no difference in the amount of superannuation that will be available to primary carers and other women, as both groups will be making no further contributions towards superannuation. The increase in funds observed is purely from investment growth. Among those working, the value of superannuation funds available at the 65 years is higher due to continued contributions made to the fund. Noticeably however, there is only a small difference in the value between primary carers of a partner and other women (when adjusted for level of education), possibly because there is generally a trend among the general female population to decrease the number of hours worked once they reach 50 years of age (see Figure 5.1).

Restricting the analysis to primary carers, Figure 7.3 compares the value of personal superannuation available at the age 65 years, depending on whether or not the primary carer is working. In the case of the non-working primary carers, the increase in superannuation fund beyond the age of 50 years is purely from growth of available funds, and is therefore equivalent to the amount that is presented in Table 7-2 for non-working women. Working women continue to make superannuation contributions resulting in a higher value of superannuation available at the age of 65 years. It is estimated that being able to continue in the paid workforce until the age of 65 years would result in about

$40 000 to $50 000 more in the superannuation funds compared to if the primary carer leaves the paid force at 50 years of age to care for her partner. While this amount may not be seen as substantial, particularly in comparison to the effects observed with 30 year old mothers caring for a child with a disability and not being able to participate in the paid labour force due to their caring responsibilities (scenario 1), a sum of $50 000 (2006 dollars) is a substantial amount when examined in relation to a base of $110 000 in the case of secondary school qualified carers) or $193 000 (for post-secondary school qualified women).

Figure 7.3 Prospective personal superannuation available at age 65 years to females currently 50-54 years of age – working and non-working primary carers of a partner with a disability, 2006



Source: Model estimates using HILDA Wave 6 data file.

A further consideration is the loss of income and superannuation experienced at the family unit level when the partner becomes ill or disabled and needs to leave the workforce. Based on current patterns of superannuation contributions, if the male partner leaves work permanently at 55 years of age, around $60 000 (2006 dollars) of superannuation is estimated to forgo at 65 years of age.

Box 7 No money for old age for women primary carers of a male partner with a disability

There is over a two fold difference in the superannuation that a 50 year old woman primary carer of a male partner who is no longer able to work because of her caring role and who has secondary school qualifications only can expect to access at 65 years of age compared to women who have post-secondary schooling, who continue to work up to retirement at 65 years of age and who do not have the same caring responsibilities.

8 DISCUSSION AND CONCLUSION

The CFP Women Carers Report examines the health and economic consequences of caring that women primary carers experience in Australia. The findings provide an objective measure of the impact of caring on these carers.

8.1 HEALTH IMPACTS

There is consistent evidence demonstrating low levels of wellbeing among carers, but apart from quantifying a difference in the level of wellbeing at a particular point in time, there have been little or no attempts to examine the long-term health effects experienced by carers. Attempts have been made to examine the association between being a carer and mortality; however, the findings have not been conclusive (O'Reilly D, 2008; Schulz R, 1999).

This study shows that two to four times the proportion of women primary carers report their health as being only fair or poor compared with other women of a similar age, and that the impact of caring on the health status of the carer increases as the carer ages. An important feature of this study, however, is the use of *Healthy Life Years* to provide an estimate of the health status of carers over the long term. Healthy life years is a functional measure and in this study was based on the proportion of individuals in the various age groups living in fair or poor health, thereby providing an important indicator of health care needs over the life course. Findings suggest that primary carers, by expecting to spend less than 80 per cent of their remaining working life in a healthy state, compared to more than 90 per cent for other women, are likely to have greater health care needs in the future compared to women who do not have caring responsibilities. Ensuring carers can remain in good health needs to be taken in to consideration when planning the delivery of home-based long-term care for people with disabilities.

The estimates of healthy life years presented in the CFP Women Carers Report are based on the assumption that primary carers and other women have similar mortality patterns. This assumption was made because as yet there is no conclusive evidence in the literature demonstrating significantly different mortality rates between carers and the general population. If primary carers were to have higher mortality (because of the stresses on their health of being a carer) than other women, then the impact on healthy life years would be greater for carers and would result in a larger difference between carers and other women.

In addition to the finding that poor health is associated with being a primary carer, this study shows that primary carers from lower income households are less likely to be in a good state of general heath. Data from a number of European countries also suggest that higher household income is associated with a better health status of individuals (Mackenbacn et al., 2005). However, given the cross-sectional nature of the data, no firm conclusion can be drawn on causality.

8.2 ECONOMIC IMPACTS

Just as with health, there is consistent evidence that carers have lower rates of paid labour force participation, work fewer hours, and experience higher levels of financial stress. The results of this study reinforce these general findings. Over half of female primary carers aged 30 to 64 years were found not to be in the paid work force compared to less than a third of other women in the same age group. Of those women who were able to work, primary carers spent fewer hours in paid employment than did other women. For example, only one fifth of female primary carers were in full-time employment compared to nearly two-fifths of other women aged between 30 and 64 years of age, and primary carers with post-secondary level education tended to work more hours per week compared to primary carers without post-secondary level education.

The level of detail on labour force participation and income earned that is available in the HILDA data allowed us to explore labour force participation and income of carers in much greater detail than previously undertaken, and importantly also provided the opportunity to model future earnings. The diminished ability to participate in paid employment results in a substantial financial disadvantage to women primary carers over their lifetime. As estimated in this study, at age 30 years, women providing care to their child with a disability would earn, depending on their level of education, between a quarter and half the income from wages and salaries over their working life of women sharing the same characteristics but who are not primary carers.

Education is an accepted proxy for earning capacity, and much of the variation in income and benefits observed in this study is underscored by the education level of the carers. This study demonstrates that while women with a primary carer role tend to work shorter hours than their non-carer counterparts, those with post-secondary education work longer hours than those without. Consequently, 30 year old mothers without post-secondary education who are primary carers of a child with a disability experience a greater loss in income from wages and salaries compared to other primary carers who are in a similar situation but who have post-secondary education.

Government benefits compensate all primary carers to some extent. However, when total income from wages and salaries and government benefits is examined at an individual or family unit level, primary carers, irrespective of education level and partnership status, receive about 80 per cent of the income that other 30 year old mothers would expect to earn over the 35 years of their working life.

In the case of women taking on a primary carer role (for a male partner) at a later stage in life at the age of 50 years (and assuming 15 years of working life ahead of them), non-working carers appear to be compensated for potential loss of income from wages and salaries, but working primary carers experience a reduction in income earned over the next 15 years. This is likely to result from the carer making a decision to reduce their number of working hours, as is evident from the decreased number of hours worked by primary carers beyond 50 years of age and the absence of full-time employed primary carers beyond 60 years of age.

Of equal or greater significance to the financial stress women carers face over their working years is the impact of the primary carer role on the women's ability to invest towards their retirement. The compulsory superannuation guarantee scheme was introduced in Australia in 1992 to address the projected strain that an ageing population would place on the economy. It is therefore of concern that primary carers giving up paid employment opportunities do not have the opportunity to invest towards their retirement, and would in the long-term become reliant on the government age pension.

The findings of this study show that women who do not have post-secondary level education taking on a caring role of a child with a disability while in their early thirties would expect to have less than $20 000 (2006 dollars) in a superannuation fund at the age of 65 years. These women will become heavily reliant on the government social security system for future income. Making things worse is the fact that many of these carers will be in poor health by the time they reach the age of 65 years and will have significant health care needs themselves.

In general, existing superannuation contributions for most women in Australia are seen as being too low to provide an adequate income to maintain standards of living in retirement. It is typically in mid-late working life when superannuation contributions are at their greatest. Thus, having to take on a primary carer's role at this time of life for many women has significant consequences for their ability to accumulate superannuation. The findings of this study indicate that a 50 year old woman primary carer of a male partner who has secondary school qualifications only and who is no longer able to work because of her caring role is expected to have less than half the superannuation available to her at age 65 years as a women who has post-secondary schooling, who can continue to work up to of 65 years of age and who does not have the same caring responsibilities.

8.3 Concluding remarks

In Australia, primary carers are most often women. Two groups of primary carers who represent a large proportion of informal carers are women caring for a child with a disability and women caring for a male partner with a disability. These two groups of women carers pay a high price in terms of their health and financial well-being for taking on a primary carer role. As shown in this study, the impact of being a primary carer is significant and extends to the rest of the primary carer's life - they experience a shorter period of good health over their working years; they are less able to participate in paid employment; receive lower income during their working years; and are less able to invest towards retirement.

As such, government policy addressing how to better support the needs of carers needs to focus on strategies and measures that will: 1) enable carers to maintain good health over their lifetime; 2) reduce financial stress through facilitating greater participation in paid work or increased government financial assistance and income support; and 3) provide carers with a means to contribute to a superannuation scheme that will help provide for them in their retirement.

8.4 STUDY LIMITATIONS

There are several limitations associated with this study that must be taken into consideration when interpreting the results presented in the CFP Women Carers Report.

The analyses presented in the CFP Women Carers Report are based on cross-sectional surveys conducted for 2006 HILDA Wave 6 and the 2003 SDAC. The cross-sectional nature of the data do not permit casual relationships to be explored, and the analysis was limited to examining differences between primary carers and other women with similar characteristics.

The dollar figures for income from wages and salaries, government benefits and superannuation are synthetic estimates derived from cross-sectional data. The estimates over the working life have been derived by assuming that the populations follow the current pattern of work and earning into the future. These figures are best used as relative rather than absolute values, and are provided as a means of comparison. This study does not assess whether the estimated incomes, benefits or superannuation amounts are sufficient for supporting a carer's family.

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A APPENDIX: TECHNICAL NOTES ON STUDY METHODS

Health life years

The indicators on healthy life years were derived by using the Sullivan Method for calculating healthy life expectancy (Jagger, 2006). This method uses age-specific proportion of the population in healthy and unhealthy states and a period life table. In this study, we combined the age-specific proportions of the women in healthy and unhealthy states obtained from the 2003 SDAC and the age-specific mortality data taken from the 2003 period life table for Australian women. As we found no evidence of significant difference in mortality rates between primary carers and other women, we applied the same life table for both these groups. Therefore, the differences in healthy life years of primary carers and other women are due to the differences in age-specific prevalence of health states. In this analysis, people in unhealthy state refer to those reporting poor or fair general health.

Income over the working life

The estimates of individual and family income and government benefits over the remaining working life provide prospective amount for an average person over the working life assuming that the current pattern of these incomes prevail. We define working age to be up to the age 65 years. These estimates are derived from the age-specific income (or benefits) until age 65, adjusted by survival rates derived from the life tables for Australian women for the period 2004-06. An illustrative calculation of income over remaining working life is given in appendix Table B8-3.As there were very small cases available to directly calculate age-specific incomes for the all the different types of case studies considered in this modelling, we estimated these amounts by using a generalised linear model.

Superannuation

Superannuation amounts were projected using a slightly different approach. These amounts refer to projected savings based on nine per cent superannuation contribution on current income and five per cent return from the mid-point of the current 5-year age-group to age 65 years. Current super amount, if any, are also included in the calculation. Mortality has not been taken into account. The current superannuation amount was estimated using generalised linear model.

B APPENDIX: SUPPLEMENTARY TABLES AND FIGURES

B.1 SUPPLEMENTARY TABLES

Table B8-1 Model estimates of average hours worked per week by mothers with two or more children – primary carers caring for a child with a disability versus other females, 2006

	Secondary education		Post-secondary education	
	Primary carers	Other females	Primary carers	Other females
Solo mum				
30-34	5.3	11.6	13.4	19.7
35-39	4.4	10.7	12.6	18.9
40-44	7.3	13.6	15.4	21.8
45-49	9.4	15.7	17.6	23.9
50-54	6.8	13.1	15.0	21.3
55-59	0.0	6.2	8.0	14.3
60-64	0.0	0.0	0.0	5.8
Partnered mum				
30-34	3.8	10.1	11.9	18.3
35-39	3.0	9.3	11.1	17.4
40-44	5.8	12.1	14.0	20.3
45-49	7.9	14.3	16.1	22.4
50-54	5.3	11.6	13.5	19.8
55-59	0.0	4.7	6.5	12.8
60-64	0.0	0.0	0.0	4.3

Source: Estimated by applying generalised linear model HILDA wave 6 data file.

Table B8-2 Model estimates of annual gross individual income of mothers with two or more children – primary carers caring for a child with a disability versus other females, in 2006 dollar

	Secondary education		Post-secondary education	
	Primary carers	Other females	Primary carers	Other females
Solo mum				
30-34	2,000	13,600	15,200	26,600
35-39	1,400	12,800	14,500	26,000
40-44	2,500	14,000	15,600	27,000
45-49	7,400	18,900	20,500	31,900
50-54	400	11,700	13,300	24,800
55-59	-	7,400	9,000	20,300
60-64	-	-	-	7,900
Partnered mum				
30-34	2,300	13,800	15,400	26,900
35-39	1,600	13,100	14,700	26,200
40-44	2,800	14,200	15,800	27,300
45-49	7,700	19,100	20,700	32,200
50-54	600	11,900	13,600	25,000
55-59	-	7,600	9,200	20,500
60-64	-	-	-	8,100

Source: Model estimates by using HILDA wave 6 data file.

Table B8-3 Worklife gross income from wages and salaries: an illustrative estimate for solo mum with post-secondary education, 2006

Age group	Annual income	Survival rate[a]	Mortality adjusted income	Worklife income[b]
30-34	15,200	0.99744	15,200	440,500
35-39	14,600	0.99607	14,500	364,500
40-44	15,700	0.99395	15,600	292,000
45-49	20,700	0.99095	20,500	214,000
50-54	13,500	0.98627	13,300	111,500
55-59	9,200	0.97853	9,000	45,000
60-64	0	0.96613	0	0

Notes: a. Calculated from the life tables for Australian females 2004-06 produced by the Australian Bureau of Statistics.

b. Prospective income over the remaining working life of an average individual at the beginning of the age group.

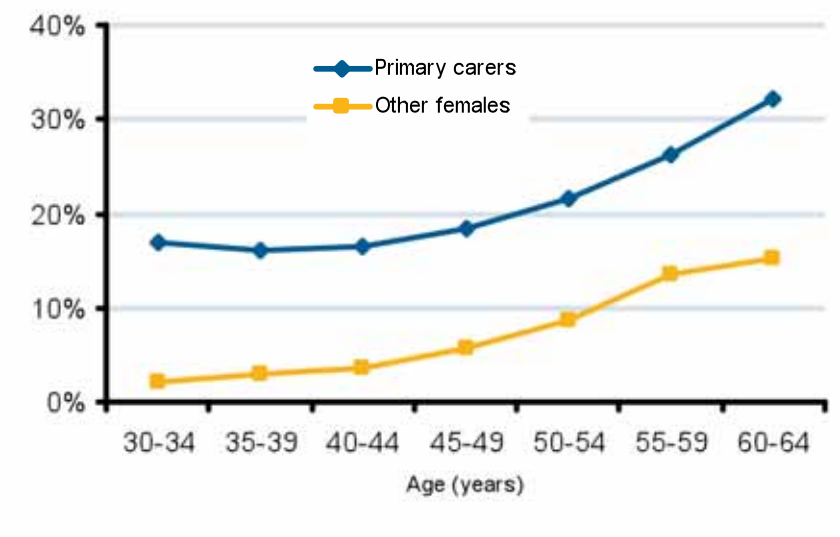
All income data are rounded to the nearest 100.

Table B8-4 Prospective superannuation at age 65 of a 30-34 years old mother with two or more children – primary carers caring for a child with a disability versus other females, in 2006 dollar

		Primary carers	Other females
Solo mum	Secondary education	15,000	100,000
	Post-secondary education	112,000	196,000
Partnered mum	Secondary education	17,000	101,000
	Post-secondary education	134,000	198,000

B.2 SUPPLEMENTARY FIGURES

Figure B8.1 Estimated age-specific prevalence of self-reported poor/fair general health, 2003



Note: For primary carers, the curve was obtained by smoothing the actual values by fitting second degree polynomial equation.

Source: Derived from HILDA wave 6 data file.