

Demographic destiny

Addressing the challenges of an ageing population



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CEDA: Demographic Destiny

Healthcare for an ageing population: too little, too late?

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▪ **Who cares**

The health profile of Australian society has undergone many changes in the last two decades. Our population has aged significantly, and the incidence of disability and chronic illness has increased.

At the same time two major policy shifts have occurred. There are shorter hospital stays and an overall shift from institutional care to community care. As a consequence of these two trends family members are increasingly called upon to provide care and assistance to other family members at home.

According to the Australian Bureau of Statistics 2003 Survey of Disability, Ageing and Carers¹ there are

- 2.6 million carers in Australia—this is around 1 in 5 households, or 1 in 8 Australians
- nearly 500,000, or nearly 20%, are primary carers—the people who provide the most care to people with a disability or frailty
- 71% of primary carers are women
- 79% of primary carers care for a person in the same household
- care is mostly for a partner (43%), a child (25%) or a parent (21%)
- 21% of primary carers are aged over 65 years
- 40% of primary carers have provided care for over a decade and 68% for over five years.
- 76% of primary carers are of workforce age
- 59% are not in the workforce, even though they are of workforce age.

Carer income

Carers often experience income inequality because of their lower levels of paid employment, compared with non carers. They have reduced opportunity to accumulate or preserve superannuation or any other savings. ABS² data indicates

- carers are over-represented in the lower household income quintiles and under-represented in the top income quintiles
- 69% of primary carers receive government income support (for 56% it is their principal source of income) compared with 27.2% for other carers and 16.3% for non carers.

ABS³ data on household income for the same period indicates

- the mean gross income per week of a primary carer was \$237.00, compared with the mean gross income of \$542.00 per week of a non carer. This is a big disparity.

Disability in Australia

Australian Institute of Health and Welfare⁴ indicates

- 3.9 million Australians or one in five people are affected by a disability
- 2.6 million are under 65 years
- 50% of Australians over 65 years have some form of disability.

As the population ages, so do aged-related disabilities. Dementia is estimated to rise significantly in Australia. In 2005

- 204,850 people (or 1.01% of the population) had dementia
- in 2020 this is expected to rise to 322,930 people (or 1.44% of the population) with dementia. This is more than a 50% increase in less than 15 years.

Income support

The Commonwealth Government provides two forms of income support for eligible carers – the Carer Payment is income and asset tested, and the Carer Allowance that is not. Some carers receive both.

- Carer Payment – is an income support payment to someone who provides constant care to a person aged 16 years or more who has a severe physical, intellectual or psychiatric disability. An assessment tool is used to establish eligibility.

The Carer Payment is \$499.70 for a single recipient every two weeks and is income and asset tested. For couples this is \$417.20 every two weeks for each partner (\$834.40).

- Carer Allowance – is a non income and non asset tested allowance for a person providing daily care and attention for an adult or a child with a severe disability or chronic medical condition, or for someone who is frail aged. Assessment tools are used to establish eligibility. The Carer Allowance is \$94.70 every two weeks.

There has been nearly a five-fold increase in the number of people receiving the Carer Payment over the 10-year period from 1994-2004. Just over 84,000 people received this payment in 2004 compared with 17,699 in 1994.⁵

Note: the data refers only to Carer Payment and excludes the number of carers who would be receiving the Aged Pension, a Parenting Payment, or an Australian Department of Veterans Affairs payment. Even so, many primary carers receive no income support from the Australian Government.

There has also been a large increase in the number of carers receiving the Carer Allowance. In 2004 nearly 300,000 carers received the Carer Allowance compared with just over 200,000 in 2001. Over two-thirds were recipients of the Adult Carer Allowance.⁶

▪ The Value of Unpaid Care

In 2005, Access Economics undertook research for Carers Australia on the economic value of informal care. Its report – *The Economic Value of Informal Care*⁷ used the ABS 2003 data and placed a dollar value on the work of informal care to evaluate whether the current use of unpaid or informal and formal care models is socially optimal in relation to efficiency and equity. Research findings indicate a significant foregoing of personal and indirect tax revenue by Government, and personal opportunity costs by carers because of their lower workforce participation.

- It is estimated that in 2005 informal carers provided 1.2 billion hours of care to people with a disability, a chronic condition, a mental illness or who were frail aged.
- This is equivalent to each carer providing 470 hours of care per week or nine hours per week. Although, care hours are unevenly distributed. Primary carers provide 54% of all care hours even though they represent only 20% of all carers.
- If this informal care was no longer available the replacement value to Commonwealth, State and Territory Governments would be at least \$30.5 billion annually. In 2005, this was equivalent to 3.5% of forecast GDP and 62.2% of the value of health and community sector resources.
- The opportunity costs of informal care, measured as reduced paid employment by carers due to caring, is \$4.9 billion annually. In 2005, this was equivalent to 0.6% of forecast GDP and 9.9% of the value of health and community sector resources.
- The productivity losses due to caring are borne mainly by carers themselves because of reduced wages. However, in 2005 an estimated \$1.36 billion of potential tax revenue was foregone by Government due to carers lower workforce participation. Of this, \$1 billion (74%) is foregone personal tax and the remainder (26%) is foregone indirect tax.

▪ Aged Care in Australia

Care provided by unpaid carers

Unpaid family carers provide 74% of the care and assistance needed by older people in the community. This is in comparison to the 9% provided by Australian governments through the Home and Community Care (HACC) services.⁸

Aged care facilities

The Commonwealth Government spent some \$6.3 billion on aged care in 2005-2006, and this is estimated to rise to \$6.9 billion in 2006-2007, an estimated increase of 9.5%. Seventy one percent of this was spent on residential care subsidies. In addition to government spending, consumers contributed around \$2 billion toward the costs of care, mainly residential care.⁹

The majority of funding or places (73%) for residential aged care is for residents aged 80 years and over, as were 60% of Community Aged Care Package recipients, and 39% of HACC clients.¹⁰

Some 65% of residents in aged care facilities are estimated to have some degree of dementia.¹¹

Community Aged Care Packages

Community Aged Care Packages were introduced in 1992 as an in-home community based alternative to people with care needs who would otherwise require low level residential care.

The Australian Institute of Health and Welfare estimated that in 2003¹²

- over 711,000 people aged over 65 years were living at home with unpaid carers providing support, compared to
- only 127,900 people living in residential aged care and
- 8,800 people receiving Community Aged Care Packages
- 60% of Community Aged Care Package recipients are aged over 80 years.

Dementia

Dementia is the greatest contributor to disability in old age, and is the greatest single contributor to the cost of residential aged care. It is now one of the national health priorities. Sixty five percent of residents in residential aged care are estimated to have some degree of dementia. Currently it affects around 185,000 Australians and this figure is expected to grow as our population ages. Although only about 1% of people aged 65 show symptoms of dementia, this increases to around 25% of people aged over 85.¹³

Commonwealth, State and Territory Governments currently provide a wide range of services to support people with dementia, their families and carers.

▪ Ageing of the population

Australians are living longer, although these extra life years will not always be disability free. Research indicates that in the next 25 years the number of Australians with disabilities over 65 years of age will grow by 150%, and the number of very old (85 years and over) will grow by 200%. Australian Institute of Health and Welfare¹⁴ data indicates

- men can expect, on average, to live 18.6 years with a disability (5.4 of these with severe or profound core activity limitation)
- women can expect, on average, to live 20.7 years with a disability (8.3 of these with severe or profound core activity limitation).

The ageing of the Australian population will have a significant impact on workforce participation and carer availability. NATSEM¹⁵ research indicates

- The number of Australians aged 65 and over will increase from 350,000 to 882,000 (or by 150%) by 2025.
- The number of Australians aged 85 years and over will increase from 80,000 to 260,000 (or by 200%).
- In contrast, the numbers of younger people with disabilities (aged under 65 years) is projected to increase by only 25 percent.

▪ Carer ratio, availability of carers

Over the same period, the number of potential carers is also projected to increase but at a rate that will not meet all of the increased demand. This will lead to a steady decline in Australia's caretaker ratio – or the ratio of the number of people most likely to provide care (significantly women aged 50-64 years) to the number of people most likely to need care (those aged over 80 years).¹⁶

▪ Workforce participation

Carer workforce participation

Workforce participation rates, particularly full-time employment, are lower for primary carers and carers more generally than for people without caring responsibilities. ABS 2003 Survey of Disability, Ageing and Carers¹⁷ indicates

- only 39% of primary carers participated in the workforce compared with 68% of non carers
- only 46% of primary carers were employed full-time compared with 70% of non carers
- 54% of primary carers were employed part-time, compared with 31% of non carers.

Carers often leave the workforce or reduce their hours of workforce participation because of caring responsibilities. AIHW¹⁸ data indicates

- 11% of primary carers aged 25–54 years and 17% of those aged 55–64 years had left work in order to commence caring or to increase their hours of care
- 21% of employed primary carers had reduced their hours of paid work, and the same proportion of employed carers reported a reduction in income that was directly associated with caring.

Among unemployed primary carers nearly 70,000 indicated they would like to work, particularly part-time. Difficulties associated with workforce participation include

- suitable alternative care arrangements, which is the most commonly anticipated difficulty
- inflexible work hours, disruption to the care recipient, and loss of skills while caring.

Projected workforce participation by primary carers

The AIHW report *Future supply of informal care 2003 to 2013*¹⁹ projects the workforce participation for primary carers primary carers aged 25-59 years will be

Female

Year	Full-time	Part-time	Not in labour force	Total
1998	35,700	66,600	120,700	223,100
2013	51,400	91,900	121,900	265,200

Male

Year	Employed	Unemployed	Total
1998	43,300	35,300	78,600
2013	53,000	43,400	96,400

Both

Year	Employed	Unemployed	Total
1998	145,700	156,000	301,700
2013	196,300	165,300	361,600

Increasing workforce participation

Australia, like many countries, is experiencing a labour force and skills shortage. As the increase in labour force participation rates in Australia since the 1970s has predominately been caused by women entering the workforce in a part-time capacity, government strategies particularly to retain or to encourage women carers (who form the majority of carers) to enter the workforce are important to an increase in workforce participation in Australia and to our economy.

Carers Australia is a member of the Taskforce on Care Costs, which has just released its report into costs of care for families, including care for frail aged. Members of the Taskforce include business leaders and academics. The report looks at the current cost of care in Australia, current Australian financial supports available for working carers, the international position, and the Taskforce's 2006 national survey of workers and the unemployed with caring responsibilities. One thousand people were surveyed.

The report includes economic modelling and research to support tax rebates for aged care similar to those of the Child Care Tax Rebate. Rationale is to encourage carers of workforce age to continue their workforce participation and to be able to afford to purchase care through their tax offsets or other initiatives for children or a partner with a disability, or ageing parents or partners. Research indicates carers may also be encouraged to re-enter the workforce if there is an economic advantage to do so.

Of interest is that 75% of those surveyed in the TOCC national survey indicated that care costs should be shared between the government and individuals.

AIHW says that ability of carers to maintain or return to paid employment will be an increasingly important factor in women's predisposition to provide ongoing unpaid care. It will also determine the extent to which employed men can take on a greater share of family caring responsibilities.

Employed carers program

The Commonwealth Government has introduced an Employed Carer Innovation Program, which aims to provide support for employed carers. There has been a funding round with organisations submitting support models for funding consideration. The proposed models range from establishing a multi-purpose service providing, overnight, day and crisis respite care for relatives of employed carers, with a range and mix of allied health and community services available at the site – to provision of flexible and appropriate services for target carers while they undertake Certified Training Programs as part of a traineeship, or prior to appropriate employment.

Lack of long term planning, economic modelling and financing options

There is a lack of long term planning, economic modelling and financing options undertaken in Australia around caring and aged care. Some organisations – the National Aged Care Alliance, Carers Australia and Alzheimer's Australia – have been undertaking their own research, economic modelling and looking at financing options using leading economic research groups, such as Access Economics and the Melbourne Institute of Technology.

The outcomes from their endeavours are forming useful information that we hope will inform the Commonwealth Government on policy direction for appropriate carer income and carer workforce participation support.

Carers Australia believes that caring is a government, industry and community responsibility. Governments can respond by ensuring that there are adequate measures to address the ageing of carers, the ageing of the population, the decline in available carers and support for carers workforce participation before it's too late. They should also begin to consider long-term financing of not just the aged care sector, but the whole community care sector. Carers want to be adequately remunerated for the care they provide. They want government to take a long-term view that for some carers this is over decades, and that they too want a retirement income, such as a government-funded carer superannuation scheme.

I've spoken already about the work of the Taskforce on Care Costs and increased carer workforce participation. To make visions like this happen government, industry and business needs to provide appropriate and flexible working models for carers. The work of the Taskforce on Care Costs is available on its website at www.tocc.org.au

Thank you

About Carers Australia

Carers Australia is the national peak organisation dedicated to improving the lives of the 2.6 million carers in Australia. Our members are the eight state and territory carers associations (the "Network"), which directly provide services to carers in their communities. Commonwealth Government funded services delivered through the Network include information referrals, counselling and some education and training designed to meet the support needs of carers. These services are funded by the Commonwealth Government Department of Health and Ageing (DoHA). DoHA also provides core funding to Carers Australia. The Network also delivers a Young Carers Program funded by the Commonwealth Government Department of Families, Community Services and Indigenous Affairs.

For more information visit www.carersaustralia.com.au

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